

**Conciliation Agreement
Between the U.S. Department of Labor
Office of Federal Contract Compliance Programs
and
Sara Lee Bakery Group, Inc.
5200 S. Alameda Street
Vernon, California 90058**

PART I: GENERAL PROVISIONS

1. This Agreement is between the Office of Federal Contract Compliance Programs (hereinafter OFCCP) and Sara Lee Bakery Group, Inc. (hereinafter Sara Lee) located at 5200 S. Alameda Street, Vernon, California.
2. The violations identified in this Agreement were found during a compliance review of Sara Lee which began on August 18, 2008 and specified in a Notice of Violations issued on July 27, 2009 and a Notice to Show Cause issued on January 20, 2010. OFCCP alleges that Sara Lee has violated Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212) and implementing regulations at 41 CFR Chapter 60 due to specific violations cited in "PART II" below.
3. This Agreement does not constitute an admission by Sara Lee of any violation of Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212) and implementing regulations.
4. The provisions of this Agreement will become part of Sara Lee's Affirmative Action Program. Subject to the performance by Sara Lee of all promises and representations contained herein and in its AAP, all named violations in regard to the compliance of Sara Lee with all OFCCP programs will be deemed resolved. However, Sara Lee is advised that the commitments contained in this Agreement do not preclude future determinations of noncompliance based on a finding that the commitments are not sufficient to achieve compliance.
5. Sara Lee agrees that OFCCP may review 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 Sara Lee's compliance. Sara Lee shall permit access to its premises during normal business hours for these purposes.
6. Nothing herein is intended to relieve Sara Lee from the obligation to comply with the requirements of Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212), and implementing regulations, or any other equal employment statute or executive order or its implementing regulations.

7. Sara Lee agrees that there will be no retaliation of any kind against any beneficiary of this Agreement or against any person who has provided information or assistance, or who files a complaint, or who participates in any manner in any proceedings 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).
8. This Agreement will be deemed to have been accepted by the Government on the date of signature by the Regional Director for OFCCP, unless the Director, OFCCP indicates otherwise within 45 days of the Regional Director's signature on this Agreement.
9. If at any time in the future, OFCCP believes that Sara Lee has violated any portion of this Agreement during the term of this Agreement, Sara Lee will be promptly notified of that fact in writing. This notification will include a statement of the facts and circumstances relied upon in forming that belief. In addition, the notification will provide Sara Lee with 15 days from receipt of the notification to respond in writing, except where OFCCP alleges that such a delay would result in irreparable injury.

Enforcement proceedings for violation of this Agreement may be initiated at any time after the 15-day period has elapsed (or sooner, if irreparable injury is alleged) without issuing a Show Cause Notice.

Where OFCCP believes that Sara Lee has violated this Conciliation Agreement, OFCCP may seek enforcement of this Agreement itself and shall not be required to present proof of the underlying violations resolved by this Agreement.

Liability for violation of this Agreement may subject Sara Lee to sanctions set forth in Section 209 of the Executive Order, 41 CR 60-300.66, 41 CFR 60-741.66 and/or other appropriate relief.

//

//

//

//

//

//

//

//

PART II: SPECIFIC PROVISIONS

1. **Violation:** The OFCCP alleges that Sara Lee failed to ensure that its employees were compensated without regard to their sex, as required by 41 CFR 60-1.4(a) and 41 CFR 60-20.5. A review of compensation practices for the Machine Operator positions¹ at the Vernon, California facility as of December 31, 2007 revealed a statistically significant disparity in compensation between similarly situated male and female employees. Specifically, OFCCP's analysis of compensation practices, information provided by Sara Lee, and the results of interviews with managers and employees conducted during the investigation allegedly supports OFCCP's finding that some females in Machine Operator positions received a lower hourly wage than their male counterparts.

Remedy: Sara Lee agrees to revise its compensation practices and take steps to ensure that its compensation system provides an equal opportunity to all of its employees, regardless of sex. This applies to all aspects of compensation, including, but not limited to initial salary at time of hire and progression into higher paying positions. In order to resolve this violation, Sara Lee agrees to the following:

- (a) **Notification of Class Members:** Subsequent to 45 days from the effective date of this Agreement, but not later than 75 days thereafter, Sara Lee agrees to notify each class member (CM) listed in Attachment A of her rights under this Agreement by sending the Notification Letter (Attachment B) via certified mail to each CM at her last known address. Additionally, for individuals no longer employed with Sara Lee, Sara Lee will provide the CMs with an Address and Social Security Number Verification form (Attachment C) requesting the CM's current address, telephone number, and social security number. Sara Lee will also include a Release of Claims (Attachment D) and a W-4 form with the Notification Letter (collectively referred to as the "Notification"). CMs that are located and receive the Notification must complete and return the following documents: Verification Form (if applicable), Notarized Release of Claims², and completed W-4 form. These documents must be returned to Sara Lee, as specified in the Notification, within 30 days from the date of the receipt of the Notification in order for the CM to be eligible for any payments pursuant to this Agreement.

Sara Lee will promptly notify OFCCP, within 15 days after the response period has ended, of any CM who has not responded. Sara Lee will submit a report which will designate those CMs who have been located and those who have not. OFCCP will thereafter have an additional 30 days to locate additional CMs. OFCCP will then provide Sara Lee with any updated contact information for additional CMs located. After receiving the additional names and current mailing addresses of the CMs from OFCCP, Sara Lee will resend the Notification documents referenced above to newly located CMs. Each newly located CM will have 30 days from the date of receipt of the Notification to complete and return their response. CMs who fail to respond within the appropriate

¹ For purposes of this Agreement only, Sara Lee has agreed to OFCCP's grouping of most production positions into one group referred to as "Machine Operators".

² Sara Lee will allow an additional ten dollars per class member as reimbursement for notary service expenses incurred.

timeframe provided will forfeit any right to any of the settlement benefits identified herein.

If Sara Lee and OFCCP are unable to locate a CM within the timeframe outlined above, or Sara Lee does not receive a response from a CM, the failure to locate and/or lack of a response from such a CM will constitute a rejection of the financial settlement set forth in paragraph (b) below.

- (b) **Financial Settlement:** Subsequent to 45 days and within 245 days from the effective date of this agreement, Sara Lee will provide back pay in the amount of \$40,105.46 and interest in the amount of \$6,585.87 to the 33 female Machine Operators specified in Attachment A. Additionally, effective June 1, 2010, Sara Lee agrees to adjust the salaries (b) (7)(C) female Machine Operators still employed at Sara Lee, as specified in Attachment A, in the annual amount of \$30,430.40 (based on 2,080 work hours) Such payments will constitute a full settlement of all financial claims related to this violation. Sara Lee will submit to the OFCCP documentation of payment of the financial settlement in accordance with the terms contained in "PART III: Reporting," of this Agreement. The payments will be made in a lump sum to each CM, less appropriate withholdings as required by law. Sara Lee will send each CM an appropriate tax form (W-2).

All funds which are not distributed to individual CMs, despite best efforts to locate them, will be applied to Sara Lee's EEO training. Such EEO training will be applied before the expiration of this Conciliation Agreement and will be in addition to the compensation training Sara Lee has committed to undertake.

- (c) **Compensation Process:** Within 45 days from the effective date of this Agreement, Sara Lee agrees to do the following:
- a. Conduct an audit and analysis of its compensation practices as they impact all employees.
 - b. Develop and implement gender-neutral compensation policies throughout the Sara Lee Vernon facility.
 - c. Provide training to those managers who participate in the application of any component of the compensation system at the estimated cost of \$20,000. The purpose is to familiarize those managers with principles underlying the uniform application of criteria, which are used to establish compensation.

Sara Lee further agrees this violation will not be repeated.

2. **Violation:** Sara Lee failed to develop and implement action-oriented programs to recruit qualified Black applicants in its workforce as required by 41 CFR 60-2.17(c) and 60-2.35. During the January 1, 2007 to June 30, 2008 period, Sara Lee's workforce and hiring practices reflected an underutilization of Blacks.

Remedy: Sara Lee agrees to develop and implement action-oriented programs to recruit qualified Black applicants into the workforce, by designing action-oriented programs to improve the employment opportunities for Blacks.

Sara Lee further agrees this violation will not be repeated.

3. **Violation:** Sara Lee failed to establish meaningful contacts with appropriate social service agencies, organizations for covered veterans, individuals with disabilities, and vocational rehabilitation agencies for such purposes as advice, technical assistance and referral of potential employees who are covered veterans or disabled, as required by 41 CFR 60-300.44(f) and 41 CFR 60-741.44(f).

Remedy: Sara Lee agrees to establish meaningful contacts with appropriate social service agencies, organizations for covered veterans, individuals with disabilities, and vocational rehabilitation agencies for such purposes as advice, technical assistance and referral of potential employees who are covered veterans or disabled.

Sara Lee further agrees this violation will not be repeated.

PART III: REPORTING

In order for the OFCCP to monitor compliance with this Conciliation Agreement, Sara Lee agrees to furnish the U.S. Department of Labor, Office of Federal Contract Compliance Programs, Los Angeles District Office, 11000 Wilshire Boulevard, Suite 8103, Los Angeles, California 90024, with two reports:

<u>Report Due Date</u>	<u>Period Covered</u>
Report 1: January 31, 2011	Effective date of Agreement through December 31, 2010
Report 2: January 31, 2012	January 1, 2011 through December 31, 2011

The first progress report shall contain the following:

1. Evidence of pay adjustments made to female Machine Operators specified in Attachment A, including copies of payroll records;
2. Evidence of back pay payments, with interest, made to the female Machine Operators specified to receive such in Attachment A, including copies of cancelled checks;
3. Evidence of training provided to the managers who participate in the application of any component of the compensation process, including a roster of those who attended, a summary description of the training material presented, and the cost of training;
4. The outreach and recruitment conducted for Blacks, including agencies contacted and the results of the contacts;
5. The outreach and recruitment conducted for covered veterans and individuals with disabilities, including agencies contacted and the results of the contacts.

The second progress report shall contain the following:

1. Evidence of pay adjustments made to female Machine Operators specified in Attachment A, including copies of payroll records (if not reported in Progress Report 1);
2. Evidence of back pay payments, with interest, made to the female Machine Operators specified to receive such in Attachment A, including copies of cancelled checks (if not reported in Progress Report 1);
3. Evidence of training provided to the managers who participate in the application of any component of the compensation process, including a roster of those who attended, a summary description of the training material presented, and the cost of training (if not reported in Progress Report 1);
4. The outreach and recruitment conducted for Blacks, including agencies contacted and the results of the contacts;
5. The outreach and recruitment conducted for covered veterans and individuals with disabilities, including agencies contacted and the results of the contacts;
6. Evidence of Equal Employment Opportunity training provided with back pay funds not provided to class members who were not located.

Termination Date:

This Agreement shall remain in effect until March 1, 2012 or until OFCCP's written acceptance of the Progress Report, whichever date is later.

//

//

//

//

//

//

//

//

//

PART IV: SIGNATURES

This Conciliation Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and Sara Lee Bakery Group, Inc., 5200 S. Alameda Street, Vernon, California 90058.

June 25, 2010
Date (b) (7) (c)

JESUS CASTANEDA
Plant Manager
Sara Lee Bakery, Inc.
5200 S. Alameda Street
Vernon, California

7/6/10
Date
(b) (7) (e)

Compliance Officer
Office of Federal Contract
Compliance Programs
Los Angeles District Office

7/6/10
Date
(b) (7) (c)

JANE SMHR
District Director
Office of Federal Contract
Compliance Programs
Los Angeles District Office

7/13/10
(b) (7) (c)

WILLIAM B. SMITHERMAN
Regional Director
Office of Federal Contract
Compliance Programs
Pacific Region

Attachment A
Class Members

#	Last Name	First Name	BackPay 1/1/07- 12/31/07)	Interest Compounded Quarterly 1/1/07-3/31/10	Required Hourly Pay Adjustment
1	(b) (7) (c)				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					

Sara Lee Bakery Group, Inc
Conciliation Agreement

Attachment B

NOTIFICATION LETTER

Certified Mail, Return Receipt Requested

Date: _____

[Name]

[Street]

[City, State, Zip Code]

Dear [Name]:

Sara Lee Bakery Group, Inc. (hereinafter "Sara Lee") and the Department of Labor's Office of Federal Contract Compliance Programs (hereinafter "OFCCP") have entered into a Conciliation Agreement (hereinafter "CA") to resolve disparities in compensation for machine operator positions. You have been identified as one of the individuals who is entitled to back pay and(/or) a salary adjustment.

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

As part of this CA, you are eligible to receive a monetary distribution of \$ _____, subject to legally required payroll deductions. Under the terms of this CA, you may receive a payment up to four (4) months from the date of this letter. In order to be eligible for this distribution, you must execute the enclosed "Release of Claims" before a notary public, complete the address and social security verification form, if applicable, and return all of the documentation using certified mail within 30 days of your receipt of this letter to:

Art Beas
Human Resources Manager
Sara Lee Bakery Group, Inc.
5200 S. Alameda Street
Vernon, CA 90058

If you fail to return the notarized release of claims within the specified timeframe, you will be ineligible for relief provided by this CA.

Sara Lee Bakery Group, Inc
Conciliation Agreement

Attachment B

NOTIFICATION LETTER (Continued)

If you have any questions, you may call me at (323) 583-9841 and your call will be returned as soon as possible.

Sincerely,

Art Beas
Human Resources Manager
Sara Lee Bakery, Inc.

cc: (b) (7)(C) Compliance Officer, U.S. Department of Labor
11000 Wilshire Boulevard, Suite 8103, Los Angeles, CA 90024

Enclosures: Release of Claims
Address and Social Security Number Verification Form

Sara Lee Bakery Group, Inc.
Conciliation Agreement

Attachment C

Address and Social Security Number 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 Sara Lee Bakery Group, Inc. and the U.S. Department of Labor's Office of Federal Contract Compliance Programs.

Please print legibly, except for the signature.

Name: _____

Telephone Number: _____

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: _____

City/State/Zip Code: _____

Please notify the Sara Lee official below if your address will change within the next three months.

Art Beas
Human Resources Manager
Sara Lee Bakery Group, Inc.
5200 S. Alameda Street
Vernon, CA 90058

Social Security Number (required for tax purposes): _____ - _____ - _____

I certify the above as true and correct:

Signature _____

Date _____

Attachment D

RELEASE OF CLAIMS

In consideration of the payment by Sara Lee Bakery Group, Inc. of \$_____, less payroll deductions required by law, which I agree is acceptable, and also in consideration of the Conciliation Agreement between Sara Lee Bakery Group, Inc. and the Office of Federal Contract Compliance Programs (hereinafter "OFCCP"), I _____, agree to the following:

I.

I hereby waive, release and forever discharge Sara Lee Bakery Group, Inc. and its current and former officers, directors, agents, representatives, servants, employees, attorneys, subsidiaries, departments and units, sister corporations, parent corporations, affiliates, joint ventures, and related entities, as well as its predecessors, successors and assigns (hereinafter collectively referred to as "Sara Lee, Bakery Inc.") 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 below OFCCP representative for assistance:

Senior Compliance Officer (b) (7)(C)
U. S. Department of Labor/OFCCP
11000 Wilshire Boulevard, Suite 8103
Los Angeles, California 90024
Telephone Number: (310) 235- (b) (7)(C)

III.

I understand that Sara Lee Bakery Group, Inc. denies that it treated me unlawfully or unfairly in any way and that Sara Lee Bakery Group, Inc. 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 18, 2008. I further agree that the payment of the aforesaid sum by Sara Lee Bakery Group, Inc. to me will not be offered or admitted as evidence in any proceeding or construed as an admission of any liability by Sara Lee, Bakery, Inc.

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 Sara Lee Bakery Group, Inc., within 30 days of my receipt of this Notice, as instructed, I will not be entitled to receive the payment (less deductions required by law) from Sara Lee Bakery Group, Inc.

On this ___ day of _____, 20___, before me personally appeared _____, whose identify was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who is acknowledged that he/she signed this document..

Signature

Notary Public