

CONCILIATION AGREEMENT

BETWEEN

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

And

**STANDARD INSURANCE COMPANY
1100 SW 6th Avenue
Portland, OR. 97204**

PART I: GENERAL PROVISIONS

1. This Agreement is between the Office of Federal Contract Compliance Programs (hereinafter OFCCP) and Standard Insurance Company., (hereinafter The Standard) located at 1100 SW 6th Avenue, Portland, Oregon 97204.
2. The violations identified in this Agreement were found during a compliance review of The Standard which began on November 7, 2008 and they were specified in a Notice of Violation issued May 19, 2010. OFCCP alleges that The Standard has violated Executive Order 11246, as amended and implementing regulations at 41 CFR Chapter 60 due to the specific violations cited in Part II below.
3. This Agreement does not constitute an admission by The Standard of any violation of Executive Order 11246, as amended and implementing regulations.
4. The provisions of this agreement will become part of The Standard's written AAP. Subject to the performance by The Standard of all promises and representations contained herein and in its AAP, all named violations in regard to the compliance of The Standard with all OFCCP programs will be deemed resolved. However, The Standard 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. The Standard 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 The Standard's compliance. The Standard shall permit access to its premises during normal business hours for these purposes.
6. Nothing herein is intended to relieve The Standard from the obligation to comply with the requirements of 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), and implementing regulations, or any other equal employment statute or executive order or its implementing regulations.

7. The Standard 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, 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 of 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 The Standard has violated any portion of this Agreement during the term of this Agreement, The Standard 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 The Standard 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 The Standard has violated this Conciliation Agreement, OFCCP may seek enforcement of the agreement itself and shall not be required to present proof of the underlying violations resolved by the agreement.

Liability for violation of this Agreement may subject The Standard to sanctions set forth in Section 209 of the Executive Order, and/or other appropriate relief.

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PART II: SPECIFIC PROVISIONS

VIOLATION:

OFCCP alleges The Standard did not provide equal employment opportunity in application of its redlining policy and did not have proper safeguards in place to ensure the application of its compensation system did not treat individuals differently based on their gender, as required by 41 CFR 60-1.4(a)(1).

Specifically, the company did not adhere to its redlining policy, to maintain one employee's salary at or near the top of the lower pay range, if the employee's salary exceeded the maximum for the lower pay grade's range. OFCCP's analysis, of three (b) (7)(C) employees that voluntarily transferred to a lower pay grade and whose salary exceeded the maximum for the lower pay grade's range, showed that two male employees, (b) (7)(C) and (b) (7)(C) had their salary reduced to at or near the top of the lower pay grade range for the (b) (7)(C)

In comparison, one female employee, (b) (7)(C) had her salary gradually reduced to the middle of the DBA pay grade range without a legitimate non-discriminatory explanation. In addition, during OFCCP's compliance evaluation relating to the company's compensation practices, the company produced documentation that it conducted an internal review and found that the employee's pay was not consistent with its redlining policy.

REMEDY:

To resolve this violation and to ensure that this violation does not recur, The Standard agrees to the following:

- a. The Standard agrees to conduct an annual analysis of the salaries of all employees in the (b) (7)(C) job included in the AAP program at the facility located at 1300 SW 5th Avenue, Portland, Oregon 97204. This analysis applies to all aspects of compensation, including, but not limited to, initial salary at the time of hire, progression into higher paying categories, transfer into lower paying categories and internal equity among employees. Based on such analysis, The Standard will take corrective action with regard to any disparities that are adverse to female employees. This self-monitoring shall be conducted based on compensation data as of March 1st of each year. The self-monitoring analysis shall be completed within 60 days of such date and necessary adjustments to compensation within 30 days thereafter. The Standard agrees to submit documentation of any necessary salary adjustments in accordance with the terms contained in Part III: Reporting of this Agreement.
- b. The Standard agrees to provide training, at its own expense, to those managers who participate in decisions concerning compensation. The purpose of such training will be to familiarize those managers with principles underlying the uniform application of criteria used to establish compensation. The ramifications of Equal Employment

opportunity will be explained, not only as a diversity tool, but also as a potential liability and violation of the Equal Opportunity Laws. Documentation including the cost of such training will be reported to the OFCCP in a Progress Report as set forth in Section III below.

- c. As part of the remedy, The Standard voluntarily provided retroactive back pay to (b) (7)(C) as of December 1, 2006 in the lump sum amount of \$18,505.19. The Standard also provided (b) (7)(C) a salary adjustment from (b) (7)(C)

PART III: REPORTING

The Standard agrees to retain records pertinent to the alleged violations resolved by this Conciliation Agreement and pertinent to the reports to be submitted pursuant to the Agreement. The Standard agrees to submit one (1) report to the U.S. Department of Labor, Office of Federal Contract Compliance Programs, Portland Area Office, 620 SW Main Street, Suite 411, Portland, Oregon 97205.

The first report is due May 1, 2011 and will include the following:

1. The Standard will provide OFCCP with a report of training conducted pursuant to this Agreement, as described in the Violation. The report shall include evidence that training on the compensation process was provided to Standard's management and that such training addressed compliance with Executive Order 11246, as amended, and its implementing regulations. This report should also include the date and location of training, sign-in log of the training with the names and positions of the managers who attended training, names and positions of the trainers, cost of the training, and copies of training materials disseminated to the employees.
2. The Standard will provide OFCCP with a report of The Standard's annual self-monitoring compensation analysis of the salaries of all (b) (7)(C) employees, as of March 1, 2011, in the (b) (7)(C) job included in the AAP program at the facility located at 1300 SW 5th Avenue, Portland, Oregon 97204. The report will include the extent to which salary adjustments, if any, were made, and will include the identity of the individuals who received salary adjustments as well as the corresponding amounts of salary adjustments.

TERMINATION DATE:

This Agreement will expire 90 days after OFCCP receives the report required in Part III above or on the date that the District Director gives notice to The Standard that The Standard has satisfied its reporting requirements, whichever occurs earlier, unless OFCCP notifies The Standard in writing prior to the end of the 90-day period that The Standard has not satisfied its reporting requirements pursuant to this Agreement.

PART IV: SIGNATURES

This Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and The Standard 1100 SW 6th Avenue, Portland, Oregon 97204.

DATE: 4-4-2011

(b) (7) (c)
[Redacted Signature]

J. Greg Nees
Chief Executive Officer
Standard Insurance Company
1100 SW 6th Avenue
Portland, Oregon 97204

DATE: 4-6-2011

(b) (7) (e)
[Redacted Signature]

Compliance Officer
Office of Federal Contract
Compliance Programs
Portland, OR 97205

DATE: 4/14/11

(b) (7) (c)
[Redacted Signature]

Leigh Jones
District Director
Office of Federal Contract
Compliance Programs
Seattle, WA 98101

DATE: 4/21/2011

(b) (7) (c)
[Redacted Signature]

William D. Smitherman
Pacific Regional Director
Office of Federal Contract
Compliance Programs
San Francisco, CA 94103