

**Conciliation Agreement
Between the U.S. Department of Labor
Office of Federal Contract Compliance Programs**

and

**IRIS International, Inc.
9172 Eton Avenue
Chatsworth, CA 91311**

PART I: General Provisions

This Agreement is between the Office of Federal Contract Compliance Programs (hereinafter OFCCP) and IRIS International, Inc. located at 9172 Eton Avenue, Chatsworth, California (hereinafter "IRIS").

1. The violations identified in this Agreement were found during a compliance evaluation of IRIS which began on February 11, 2009, and they were specified in a Notice of Violation issued on April 6, 2011. OFCCP alleges that IRIS has violated Executive Order 11246, as amended, and implementing regulations at 41 CFR Chapter 60 due to the specific violation cited in Part II below.
2. This Agreement does not constitute an admission by IRIS of any violation of Executive Order 11246, as amended, and implementing regulations.
3. The provisions of this Agreement will become part of IRIS' Affirmative Action Program (hereinafter "AAP"). Subject to the performance by IRIS of all promises and representations contained herein and in its AAP, the named violations in regard to the compliance of IRIS with all OFCCP programs will be deemed resolved. However, IRIS 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.
4. IRIS 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 IRIS compliance. IRIS shall permit access to its premises during normal business hours for these purposes.
5. Nothing herein is intended to relieve IRIS 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.
6. IRIS 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 to the OFCCP, 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).

7. This Agreement will be deemed to have been accepted by the Government on the date of signature by the Regional Director, unless the Director of OFCCP indicates otherwise within 45 days of the Regional Director's signature on this Agreement.
8. If at any time in the future, OFCCP believes that IRIS has violated any portion of this Agreement during the term of this Agreement, IRIS 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 IRIS 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 proceeding for violations 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 IRIS has violated this Agreement, OFCCP may seek enforcement of this Agreement itself and shall not be required to present proof of the underlying violation resolved by this Agreement.

Liability for violation of this Agreement may subject IRIS to sanctions set forth in Section 209 of Executive Order 11246, and/or other appropriate relief.

PART II: Specific Provisions

1. **VIOLATION:** OFCCP found that IRIS failed to comply with the requirements of 41 CFR 60-1.12 (a) and (e), which requires federal contractors to preserve any personnel or employment record made or kept for a period of not less than two (2) years from the date of the making of the record or the personnel actions involved, whichever occurs later. Specifically, IRIS failed to maintain complete and accurate personnel action documents and performance records of all employees during the period of July 1, 2007 through January 1, 2009.

REMEDY: IRIS will immediately ensure that all personnel action and performance records including salary and position change notices, performance evaluations, job descriptions and other supporting documents in its organization for all employees are complete and accurate and are collected, maintained, and made available for inspection. IRIS will maintain employment records for two years from the date of receipt, or from the date of the record or the personnel action involved, whichever occurs later.

2. **VIOLATION:** OFCCP concluded that IRIS failed to ensure that its employees were compensated without regard to gender and race as required by 41 CFR 60-1.4(a) and 41 CFR 60-20.5 (a). Specifically, OFCCP's review of the three positions which includes (b) (7)(C) (b) (7)(C) and (b) (7)(C) during the period of July 1, 2007 through January 1,

2009 led OFCCP to conclude that two females and two minority employees with similar or significantly longer periods of employment were receiving less wages as compared to similarly situated males and non-monitories.

REMEDY: IRIS agrees to implement measures to ensure that its compensation system is applied equally to all employees, regardless of gender or race. This consists of all aspects of compensation, including but not limited to, initial salary at the time of hire and progression into higher paying categories. In order to resolve this violation, IRIS agrees to the following:

- A. Provide back pay plus compound interest for the four (4) employees listed in Attachment A as follows:

Within ten (10) days of the submission of the Release of Claims, IRIS agrees to provide back pay plus compound interest to the four employees listed in Attachment A. IRIS will distribute back pay and compounded interest in the amounts indicated below as set forth in Attachment A.

1. One	(b) (7)(C)	\$	(b) (7)(C)
2. One		\$	
3. Two		\$	
Total Back Pay and Interest			\$ 102,486.42

IRIS will submit documentation to OFCCP of payment(s) made within 10 working days of the issuance of the check(s) to the class member(s). This amount will be distributed to the located class member(s) listed in Attachment A who return Attachment C within the time limit described below. Any and all back pay due to class members who are not found will revert back to IRIS. IRIS will send a one-time full back pay (remedy) payment in order to satisfy the financial remedy to each of the class victims. The payments will be calculated to show and report appropriate withholding deductions. The funds of checks not cashed within 60 days of the issue date will revert back to IRIS. Individuals named in Attachment A will have within 45 days of postmark of the Notification Letter, or within 45 days from receipt of the Notification Letter if received personally, to sign and return the Release of Claims.

- B. Provide salary adjustments for all current employees listed in Attachment A.
- C. Conduct an audit and analysis of its compensation practices to determine its impact on all employees as outlined under "PART III: Reporting," second progress report for the period covering April 1, 2012 through September 30, 2012.
- D. Provide training on compliance with Executive Order 11246, as amended, and its implementing regulations, for Human Resources, supervisory and management employees who are presently involved in IRIS' compensation administration process.
- E. Develop implement policies and procedures for all employees to ensure that IRIS' compensation system will not differentiate on the basis of gender or race.

IRIS commits that this violation will not be repeated.

PART III: Reporting

IRIS agrees to furnish the U.S. Department of Labor, Office of Federal Contract Compliance Programs, San Diego District Office, 550 West C Street, Suite 900, San Diego, CA 92101 with the following progress reports:

1. The first progress report due April 30, 2012 for the period September 1, 2011 through March 31, 2012 shall contain the following:
 - (a) Copies of cancelled checks for the back pay and compound interest disbursed to the two females and four minority employees.
 - (b) Copies of the revised compensation procedures designed to eliminate compensation disparities for females within the (b) (7)(C) and (b) (7)(C) positions and minorities in the (b) (7)(C) positions.
2. The second progress report due October 31, 2012 shall contain the following:
 - (a) Results of an audit and analysis of IRIS's compensation practices of all affected employees for the period April 1, 2012 through September 30, 2012.
 - (b) Documentation of training on compliance with Executive Order 11246, as amended, and its implementing regulations, for Human Resources, supervisory and management employees who are presently involved in IRIS's compensation administration process. Such documentation will include sign-in sheets and training agenda.

IRIS agrees to retain all personnel records pertinent to the violation resolved by this Agreement as well as the reports submitted pursuant to the Agreement (including the underlying data/information on which the reports are based) until the expiration date of the Agreement and maintained as consistent with regulatory requirements.

Termination Date:

This Agreement will remain in full force and effect until two years from the effective date of the Agreement or until the written acceptance of the final progress report and written advisement to IRIS that it has performed and fulfilled the commitments expressed herein, whichever date is later.

PART IV: Signatures

This Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and IRIS International, Inc, 9172 Eton Avenue, Chatsworth,, CA 91311.

Date: 8/29/11

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

CESAR M. GARCIA /
President & CEO
IRIS International, Inc
9172 Eton Avenue
Chatsworth,, CA 91311

Date: 8/29/2011

(b) (7)(C)

Compliance Officer
Office of Federal Contract Compliance Programs
San Diego District Office

Date: 08/29/2011

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

SUZANNE JONES
District Director
Office of Federal Contract Compliance Programs
San Diego District Office

Date: 9/7/11

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

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

Attachment A

**FEMALE & MINORITY CLASS MEMBERS, EFFECTIVE DATES, BACK PAY
AND COMPOUNDED INTEREST**

(b) (7)(C)



GRAND TOTALS:

BACK PAY	COMPOUND INTEREST	BACK PAY AND INTEREST
\$86,662.08	\$15,824.34	\$102,486.42

Attachment B

NOTIFICATION LETTER

Certified Mail
Return Receipt Requested

[Name]
[Street]
[City, State, Zip Code]

Dated: _____

Dear _____:

IRIS International, Inc., located at 9172 Eton Avenue, Chatsworth, California, 91311 (hereinafter "IRIS") and the U.S. Department of Labor's Office of Federal Contract Compliance Programs (hereinafter "OFCCP") have entered into a Conciliation Agreement (hereinafter "CA") to resolve alleged disparities in compensation for employees working in _____ positions between July 1, 2007 and January 1, 2009. You have been identified as one of the individuals who worked in such a position during that time period.

As part of this CA, you are eligible to receive a monetary distribution of \$ _____ subject to lawful payroll deductions. In order to be eligible for this distribution, you must execute and return the enclosed Release of Claims **within forty-five (45) days of the postmark of this letter** (or "within forty-five (45) days from your receipt of this letter" if received personally) to:

(TO BE DETERMINED)

If you fail to return the required documentation within the specified timeframe, you will be ineligible for monetary relief provided by this CA.

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

If you have any questions, please feel free to call me at (XXX) XXX-XXX during normal business hours.

Sincerely,

TO BE DETERMINED

Enclosure: Release of Claims

cc: (b) (7)(C) _____ Compliance Officer, U.S. Department of Labor, OFCCP

Attachment C

RELEASE OF CLAIMS

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

I.

I hereby waive, release and forever discharge IRIS, its predecessors, related entities, subsidiaries, and organizations, and its and their directors, officers, employees, agents, 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, the Rehabilitation Act of 1973, as amended, and/or the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (U.S.C. 4212), and all other applicable laws governing nondiscrimination in employment, which I or my representatives (heirs, executors, administrators, or assigns) have or may have which relate in any way to my not being fairly compensated 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 Compliance Officer (b) (7)(C) for assistance at U.S. Department of Labor/OFCCP, 550 West C Street, Suite 900, San Diego, CA 92101-3531, phone number (619) 557-7400.

III.

I understand that IRIS denies that it treated me unlawfully or unfairly in any way and that IRIS entered into the above-referenced Conciliation Agreement with OFCCP in the spirit of conciliation and to bring closure to the compliance evaluation initiated by OFCCP on February 11, 2009. I further agree that the payment of the aforesaid sum by IRIS to me is not to be construed as an admission of any liability by IRIS.

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 IRIS's EEO Representative, (TO BE DETERMINED, ADDRESS) postmarked within forty-five (45) calendar days from the date my Notification Letter was postmarked or hand delivered, I will not be entitled to receive the payment (less deductions required by law) from IRIS.

IN WITNESS WHEREOF, I am signing this document of my own free will.

Name (please print)

Signature

Date