

## **VOLUNTARY AGREEMENT BETWEEN SONIC AND THE UNITED STATES DEPARTMENT OF LABOR'S WAGE AND HOUR DIVISION**

Sonic Industries Services Inc. (SONIC) recognizes that its workers and the workers employed by franchisees in the SONIC Drive-In system are one of the greatest assets to the SONIC Drive-In brand. In that spirit, SONIC recognizes value in collaborating with the United States Department of Labor (DOL), Wage and Hour Division (WHD) to encourage SONIC franchisees to comply with the Fair Labor Standards Act (FLSA).

In its effort to promote and achieve compliance with labor standards to protect and enhance the welfare of the nation's workforce, WHD recognizes that SONIC's franchisees provide employment opportunities for thousands of workers. WHD recognizes value in collaborating with industry leaders such as SONIC to promote compliance with the FLSA on a broader scale, so that these employment opportunities are consistent with the principles of the FLSA.

WHD and SONIC agree to collaborate by:

- **Providing compliance assistance and training materials.**
  - As resources permit, WHD plans to develop and maintain a package of easy-to-use compliance assistance materials for the franchise restaurant industry. Such materials may include video or online training, articles for publication in internal company newsletters, and sample materials for internal staff meetings.
  - SONIC agrees to provide stakeholder input as reasonably requested (along with other franchise restaurant stakeholders) into the development of these materials.
  - SONIC plans to disseminate the materials to its franchisees and other appropriate audiences in the SONIC Drive-In system.
  - SONIC and WHD will work together to identify appropriate franchisee meetings to which WHD will be invited to deliver training and compliance assistance. Examples of such meetings may include co-op meetings, regional meetings, Franchise Advisory Council meetings, and SONIC's annual national convention.
  
- **Developing compliance support for franchisees through data-sharing and technology.**
  - WHD makes its enforcement data on concluded cases publicly available online. As resources permit, WHD will educate SONIC about how to use the database and will engage in discussions with SONIC about the data so that SONIC can make informed business decisions that reflect existing and potential franchisees' history of FLSA violations.

- Both parties agree to analyze and discuss data from publicly available sources to generate new ideas for promoting compliance with the FLSA.
- Both parties also agree to explore ways technology can be used to support franchisee compliance with the FLSA.
- **Committing to regular meetings to share information, evaluate compliance trends, and solve problems.**
  - At the reasonable request of WHD and for the term of this agreement, WHD and SONIC agree to meet every three months as practicable to engage in a dialogue about improving franchisee compliance.
  - The parties may use these quarterly meetings to share information about concluded cases, to identify upcoming opportunities for training, to discuss new regulatory developments, or to generate new ideas for enhancing FLSA compliance throughout SONIC restaurants in the United States.
  - The parties may also use these meetings to identify opportunities for corporate and agency leadership to emphasize the importance of FLSA compliance and to engage in creative problem solving that leads to widespread compliance.
- **Communicating about responsibilities to comply with the investigative process.**
  - Upon request by WHD, SONIC may inform franchisees of Section 11(a) of the FLSA, which authorizes representatives of the DOL to investigate and gather data concerning wages, hours, and other employment practices; enter and inspect an employer's premises and records; and question employees to determine whether any person has violated any provision of the FLSA.
- **Emphasizing consequences for FLSA noncompliance.**
  - SONIC requires franchisees to comply with all applicable laws, including the FLSA, as part of its license agreement.
  - SONIC may exercise its discretionary business judgment to take action against a franchisee based on the franchisee's history of FLSA violations, to the extent set forth in the applicable franchisee's license agreement.

Execution of this agreement shall not waive any of SONIC's liability if found in violation of the FLSA or any other statute enforced by WHD. Nothing in this agreement shall limit any of the remedies or actions granted by applicable statutes and case law to either party. Consistent with the voluntary and collaborative spirit of this agreement, WHD will not take the existence of the agreement itself into account when making investigative findings. WHD retains its

prosecutorial discretion to investigate and seek remedies for any violation of the FLSA or other relevant laws.

Nothing in this agreement should be construed as an admission by SONIC that SONIC is a joint employer of the workers employed by its franchisees. WHD recognizes that the existence of a franchise relationship, in and of itself, does not create joint employment. Rather, WHD evaluates all potential joint employment relationships according to their facts and under applicable law.

This agreement is effective upon its execution for a period of three years unless terminated upon written notice by either WHD or SONIC.

**Signed on this 27 day of July 2017.**

/s/ Anita Vanderveer  
SVP - People, SONIC

/s/ Patricia Davidson  
Deputy Administrator for Program  
Operations, WHD