

## **SPROUTS FARMERS MARKET, INC.**

### **AUDIT COMMITTEE CHARTER**

#### **Introduction**

This Audit Committee Charter (the “Charter”) establishes the purpose, membership, responsibilities, meetings and procedures, and authority of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Sprouts Farmers Market, Inc. (the “Company”).

#### **Purpose**

The general purpose of the Committee is to provide oversight of the Company’s accounting and financial reporting processes and audits of the financial statements of the Company and compliance with applicable legal requirements and regulations.

The Committee is also responsible for preparing an audit committee report as required by the Securities and Exchange Commission (the “SEC”) for inclusion in the Company’s annual proxy statement.

#### **Membership**

The Committee must be comprised of at least three members of the Board. Committee members must meet the definition of “independent director” under Rule 5605(a)(2) of the Nasdaq Marketplace Rules, must not have participated in the preparation of the financial statements of the Company or any of its subsidiaries at any time during the past three years and must meet the independence requirements of Section 10A(m)(3) of the Securities Exchange Act of 1934 and SEC rules and regulations. Members must also meet the financial literacy requirements of the Nasdaq Global Select Market. One member of the Committee must qualify as an “audit committee financial expert” under SEC rules and regulations. Additionally, no Committee member may serve on the Audit Committee of more than three publicly traded companies while sitting on this Committee without a specific Board determination that such simultaneous service will not impair the ability of such Committee member to serve on the Committee. The foregoing shall be subject to all applicable “phase-in” provisions.

Committee members shall be appointed, and may be removed, with or without cause, by the Board based on recommendations by the Company’s Nominating and Corporate Governance Committee. The Board shall also appoint one member as Chairman of the Committee (the “Chairman”). Members shall serve on the Committee until such member’s successor is duly elected or until such member’s resignation or removal.

#### **Responsibilities**

The Committee shall be responsible for carrying out the activities set forth below. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in this Charter.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee (i) to plan or conduct audits, (ii) to determine that the Company’s financial statements are complete and accurate and are in accordance with accounting principles generally accepted in the United States of America or (iii) to design and implement internal controls and procedures to ensure the Company’s compliance with applicable accounting standards, laws, and regulations. This is the responsibility of management and the independent auditor. The Committee’s considerations and discussions with management and the independent auditors do not assure that the Company’s financial statements are presented in accordance with GAAP, that the audit of the Company’s financial statements has been carried out in accordance with applicable auditing standards, or that the Company’s independent auditors are in fact “independent.”

The business of the Company is managed under the direction of the Board and the various committees thereof, including the Committee. The basic responsibility of the Committee is to exercise its business judgment in carrying out the responsibilities described in this Charter in a manner the Committee members reasonably believe to be in the best interest of the Company and its stockholders. The Committee is not expected to assume an active role in the day-to-day operation or management of the Company.

In this context and in accordance with its stated purpose and compliance obligations, the Committee shall have the following responsibilities:

### **Financial Reporting**

- discussing and reviewing with management and internal and independent auditors any major issues regarding accounting principles and financial statements presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
- reviewing analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
- prior to release, reviewing and discussing with management and the independent auditor the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, including the annual financial statements, the quarterly financial statements and the specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in such reports, and recommending to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K;
- discussing the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- discussing with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports concerning the Company's financial statements or accounting policies;
- meeting separately, periodically, with the Company's Chief Financial Officer, its Chief Legal Officer, and its Director of Internal Audit, and with representatives of the independent auditor;
- assessing the effect of regulatory and accounting initiatives on the Company's financial statements;
- reviewing the type and presentation of information to be included in earnings press releases, including any use of "pro forma" or "adjusted" non-GAAP information;
- discussing with the independent auditor any issues arising from the audit including:
  - any difficulties the auditor encountered;
  - any restrictions on the scope of the auditor's activities or access to information;
  - any significant disagreements with management concerning the audit or financial statements; management's response to these problems, difficulties or disagreements; and resolving any disagreements between the independent auditor and management;
  - any accounting adjustments that were noted or proposed by the auditor but were "passed"; and
  - any internal communication among the independent auditor regarding clarification of accounting practices or procedures.

## **Internal controls**

- reviewing the scope and performance of the internal audit, the responsibility and organization of the internal audit department, the adequacy of its resources and budget, the competence of its staff and whether it has the independence necessary to work in compliance with recognized standards of internal auditing;
- evaluating the Company's internal control systems and assessing their ability to ensure reliable, accurate records that are in compliance with applicable laws, regulations, and policies;
- reviewing potential conflicts of interest, including relationships with the Company and auditors; and
- investigating any cases of fraud, misconduct, or ethical breaches.

## **Relationship with Independent Auditor**

- initiating, facilitating, and overseeing the Company's relationship with the independent auditor;
- approving in advance all auditing services, internal control-related services and permitted non-audit services;
- reviewing the scope and extent of the services provided by the independent auditor;
- reviewing the written statement from the independent auditor concerning any relationship between the auditor and the Company or any other relationships that may adversely affect the independence of the auditor, actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, and, based on such review and discussion, assessing the independence of the auditor;
- evaluating the independent auditor's qualifications and performance;
- retaining or discharging the independent auditor based upon such assessments and evaluations;
- monitoring the rotation of partners of the independent auditor on the engagement team, as required by SEC, Nasdaq or other applicable rules and regulations;
- at least annually, obtaining and reviewing a report by the independent auditor describing the firm's internal quality control procedures; any material issues raised by the most recent internal quality-control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company;
- presenting and communicating to the Board concerning the evaluations of the independent auditor;
- setting clear hiring policies for employees or former employees of the independent auditor;
- meeting privately with the independent auditor from time to time as needed to discuss issues the Committee or the independent auditor believe should have a limited audience; and
- discussing the Company's relationships and related party transactions that are significant to the Company with the independent auditor.

## **Compliance**

- reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;

- establishing procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- reviewing and approving transactions with related persons in accordance with the Policy for the Review, Approval or Ratification of Transactions with Related Persons;
- producing an annual Committee report for inclusion in the Company's proxy statement (or Annual Report on Form 10-K) in accordance with applicable rules and regulations of Nasdaq, the SEC, and other applicable regulatory bodies;
- reviewing the findings of any examinations by regulatory agencies, and any auditor observations;
- reviewing with management the Company's major financial risk exposures and steps management has taken to monitor and control such exposures;
- overseeing and reviewing the Company's environmental, social and governance (ESG) disclosures included in the Company's financial statements, and the adequacy and effectiveness of internal controls related to such disclosures;
- annually reviewing the adequacy of this Charter and submitting any recommended changes to the Board for its consideration;
- annually reviewing the performance of this Committee and providing the Board with any recommendations for changes in procedures and policies governing the Committee; and
- reporting to the Board regularly on its actions and deliberations.

### **Meetings and Procedures**

The Committee shall meet as often as is determined necessary by the Committee or the Chairman. The Chairman will provide an agenda for the meeting and have the authority to invite non-Committee members to participate in the meeting, including outside counsel, management, or other advisors. A majority of the members of the Committee shall constitute a quorum. Minutes of each meeting shall be recorded at the direction of the Chairman.

### **Advisors**

The Committee shall have unrestricted access to funding, documents, personnel, management, and internal and independent auditors necessary to discharge its responsibilities. The Committee shall also have the sole authority and direct responsibility to appoint, compensate, retain, and oversee the work of any registered public accounting firm employed for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company, and each such registered public accounting firm must report directly to the Committee. The Company shall provide appropriate funding, as determined by the Committee, for the Committee to retain any legal, accounting or other advisors and to provide for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties, in each case without requiring the Committee to seek Board approval. In addition, the Committee shall have the sole authority to approve funding for, and retain, outside legal counsel, consulting firms, accountants, accounting firms, or advisors necessary to assist in the fulfillment of the responsibilities set forth in this charter.

### **Delegation**

In fulfilling its responsibilities, the Committee is authorized to delegate any or all of its responsibilities to a subcommittee or subcommittees of the Committee. While acting within the scope of the powers and responsibilities delegated to it, any subcommittee of the Committee shall have and may exercise all the powers and authority of the Committee and the Board. In this regard, the Chairman is delegated the authority to pre-approve any engagement for audit services or permitted non-audit services (other than internal control-related services, which must be pre-approved by the full Committee), provided the Chairman shall present any decisions made under the auspices of this authority to the full Committee at the next scheduled meeting.