



# SPROUTS™ FARMERS MARKET

# 2020 ESG REPORT



# LETTER FROM THE CEO



**Jack Sinclair**  
CEO

**Dear Stakeholders,**

**Welcome to our 2020 Environmental, Social, and Governance (ESG) Report. This report will demonstrate the “doing well by doing good” philosophy in which our long-term strategy is rooted and highlight some of the ways we’re improving our business while caring for our customers, team members, local communities, and the planet. I’m happy to share the progress we’ve made in building a business that is committed to improving the world we live in.**

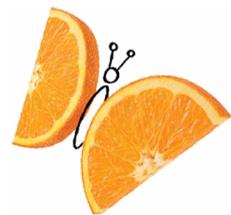
Last year, our 35,000 passionate team members helped millions of customers find the fresh produce and healthy products they needed through the uncertain times caused by the coronavirus pandemic. Our teams worked tirelessly to keep our stores stocked and as clean and safe as possible for each other and our customers through very difficult circumstances. Despite the challenges of COVID, in 2020 we opened 22 new stores, paid record bonuses to our frontline team members, established a full omnichannel offering, and generated sales up 15% from the prior year with record earnings and cash flow. We’re executing our strategic initiatives at a rapid pace, which fueled these encouraging results and established a solid base on which we can invest and grow. I want to thank not only our dedicated team members, but also our supply chain partners, vendors, and growers who worked collectively to make healthy food accessible to our customers in what was truly an extraordinary year.

Going forward, our fresh supply chain focused on local and organic offerings will be the bedrock of our profitable growth story. We will aspire for our new stores to be within 250 miles of a distribution center, allowing us to support more community farmers, guarantee the freshness of our products, reduce waste, and lower the greenhouse gas emissions associated with getting produce to our stores. We’ll continue to deepen our relationships with exciting new and local brands to ensure we remain the destination for innovative products. And we’ll build smaller, more efficient stores in areas that bring our curated assortment to more of our target customers.

Last year showed us that goodness grows when we work together to overcome challenges. We know that the challenges the planet is facing are very real. This year, we look forward to growing the goodness of our brand by furthering our sustainability goals and programs.

Here’s to a healthy 2021,

**Jack Sinclair**  
CEO



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# COVID SPOTLIGHT

As the global pandemic unfolded, we moved quickly to safeguard our team members and customers by installing plexiglass partitions, providing personal protective equipment to our store teams, conducting daily health screens and temperature checks for all team members, instituting social distancing and mask-wearing in stores, increasing store security, and establishing enhanced cleaning protocols. In total, we invested more than \$12 million in COVID protective measures.

Throughout the COVID crisis, we met our customers where they needed us: in store, through home delivery, or with curbside pickup. And because we required customers to wear facial coverings while inside our stores, we offered to personally shop for customers who preferred in-person shopping to ecommerce but could not wear a mask or face shield due to health reasons.

To support our team members, we hired extra staff, paid over \$100 million in bonuses, supplemented our paid sick time policies, covered 100% of the costs for COVID testing,

and provided up to four hours of paid time off to receive the COVID vaccine. We also established a disaster relief fund to provide extra financial help to team members who needed it. In addition, we provided support through our existing back-up daycare program for eligible team members and relaxed our attendance policy in recognition of the challenges caused by the pandemic. Finally, we provided team members with de-escalation training to help them calm and support customers.

Thank you to our store team members and our support office staff, who worked together to ensure a safe response to COVID for each other and our customers.

In 2020, we:

- Invested more than **\$12M** in **COVID protective measures**.
- Paid over **\$100M** in **team member bonuses**.
- Enhanced **paid sick time** policies.
- **Covered 100%** of the costs for **COVID testing** and up to 4 hours of paid **sick time off to receive the vaccine**.



# ABOUT SPROUTS

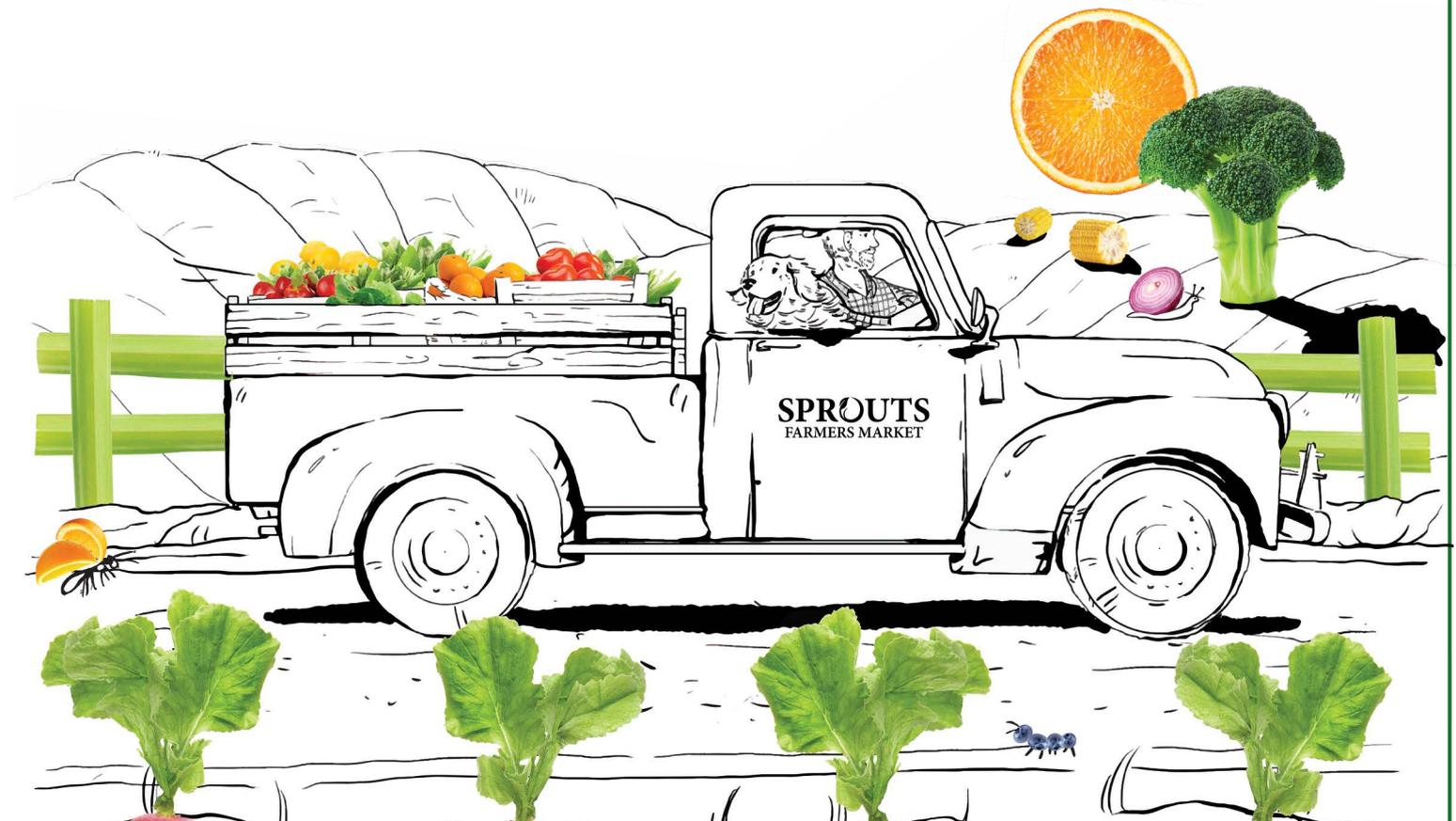
**At Sprouts, we believe that goodness grows from the ground up. Our roots began with a single fruit stand in San Diego in the 1940s. We have since grown to 362 stores across 23 states with more than 35,000 team members and \$6.5 billion in sales in fiscal year 2020. Headquartered in Phoenix, Arizona, we welcome three million customers into our stores each week and are one of the largest specialty retailers of fresh, natural, and organic food in the United States. Caring for our world isn't just fundamental to the way we do business; it is central to who we are.**

Company Strategy and ESG

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Stakeholder Engagement and Materiality

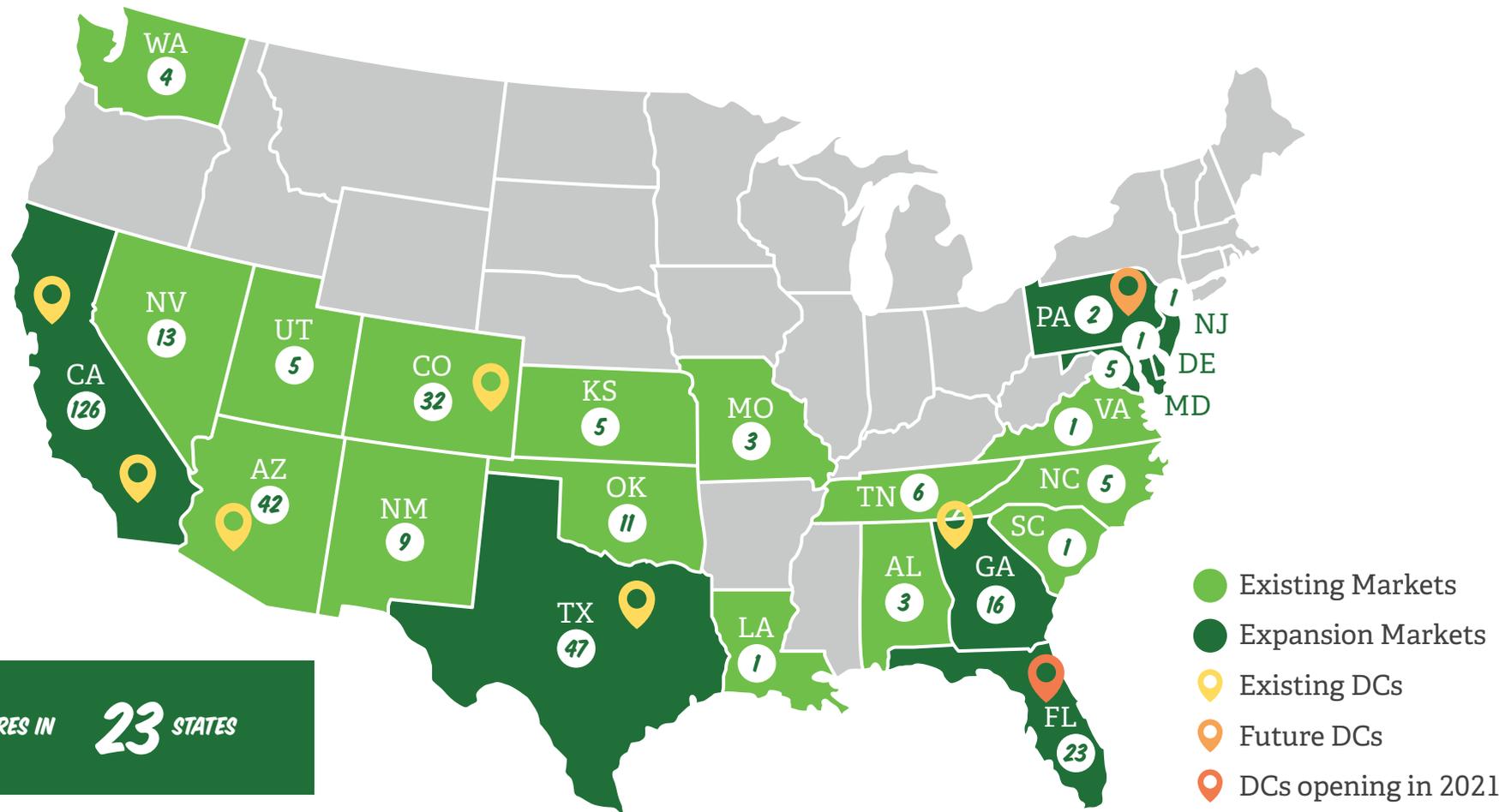
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# ONE OF THE NATION'S FASTEST GROWING RETAILERS

True to our farm-stand heritage, we offer a unique grocery experience featuring an open layout with fresh produce at the heart of the store, a carefully curated assortment of better-for-you products, and passionate and knowledgeable

team members ready to help customers find exactly what they need. We offer our customers wholesome and sustainable products that are healthy for them and the planet.



**362** STORES IN **23** STATES

(as of April 26, 2021)



## 2020 Highlights

Opened **22 new stores** in 2020, representing **unit growth of over 6%** from 2019. Targeting 10%+ annual unit growth beyond 2021.

**Net sales of \$6.5B, a 15% increase** from 2019.

Achieved **340% ecommerce growth** compared to 2019 and introduced curbside pickup in every store.

# COMPANY STRATEGY AND ESG

In 2020, we announced the initial steps of our new long-term growth strategy that we believe will transform our company and drive profitable growth. Our leadership believes ESG initiatives provide opportunity for competitive advantage given the nature of our business and target customer, and has incorporated ESG factors into our overall business strategy, which focuses on the following areas:

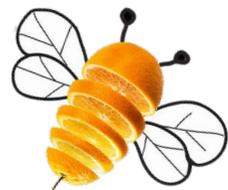
## SPROUTS STRATEGY 2020 AND BEYOND



Many of our ESG initiatives overlap with and complement our long-term growth strategy. For example, winning with our target customer involves providing innovative, sustainably sourced products. Our updated format includes a smaller box size, which will reduce our energy use and raw material use. Creating an advantaged fresh supply chain carries with it a goal to build all stores within 250 miles of a distribution center, which will reduce food waste, lower our transportation-related carbon footprint,

increase access to local farmers, and provide fresher produce for our customers. Our new marketing approach is digital focused and involves eliminating our paper ad, averting 60,000 MTCO<sub>2</sub>e annually.

**Over the course of 2021, our Board of Directors, executive leadership, and sustainability team will be discussing the results of our materiality work and what new ESG goals, metrics, and strategies to put in place in response.**



# STAKEHOLDER ENGAGEMENT AND MATERIALITY

To further refine our sustainability focus, over the last year we worked with third-party ESG advisors to engage our stakeholders on sustainability matters. Our materiality approach consisted of a benchmark review of our peers and of leading ESG ratings and frameworks (e.g. SASB, MSCI, ISS, and Sustainalytics), in addition to a series of internal and external in-depth interviews designed to help identify a list of relevant topics for Sprouts covering ESG aspects. Interviews were conducted with five stakeholder groups:

- Internal Sprouts executives
- Sprouts' investors
- Suppliers
- Non-governmental organizations
- Sustainability professionals
- Academics

This materiality review raised 11 distinct issues reflected in the adjacent chart.

## Stakeholder Prioritization



- Size of sphere equates to frequency of mentions.
- Lime green spheres are top priority issues for internal and external stakeholders.

# ENVIRONMENT

**Central to our identity is a genuine commitment to environmental sustainability.**

**From lowering our greenhouse gas emissions to recovering food that can go to those in need instead of the landfill, we care deeply about reducing our resource footprint while providing our customers with local, organic, and other sustainable food choices.**

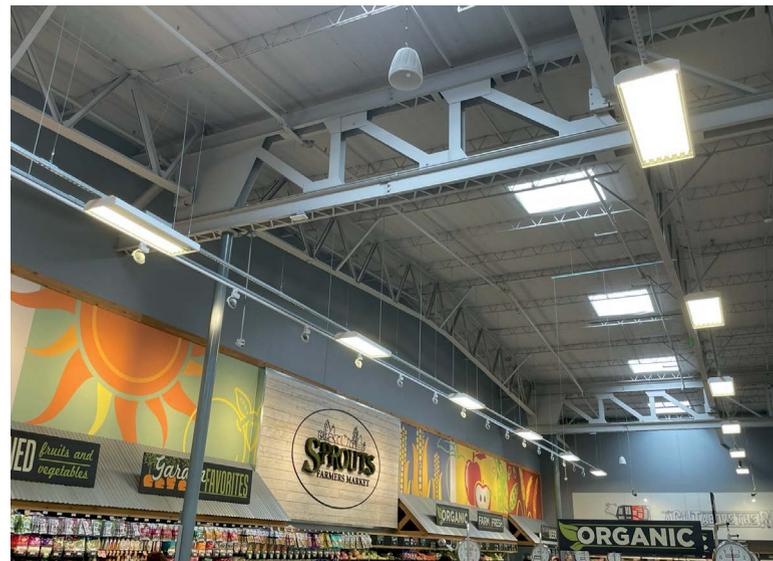
**We will continue to set environmental goals in the future that build upon our achievements to date.**

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# CLIMATE

We take very seriously the effect that our operations has on climate, as well as the risks to our business that come with a rapidly changing climate. We continually monitor and evaluate risks to our business stemming from climate change and are in the process of developing plans to mitigate some of these effects. Over the next year, we expect to commit to setting a science-based target for emissions reduction, along with aligning our climate goals with the framework of the Task Force on Climate Financial Disclosure (TCFD).



We are transitioning to lower Global Warming Potential (GWP) refrigerants and designing refrigeration systems to reduce leak rates.



Our stores are built using green building and design practices similar to those of Leadership in Energy Efficiency and Design (LEED) Silver.



We use night curtains, natural light harvesting, and LED lighting in stores. 29 stores were converted to LED lighting in 2020, bringing our total number of LED-lit stores to 171.



We are retro-commissioning our equipment to ensure it is running efficiently and our setpoints are on target. In 2020, we retro-commissioned 20 stores, yielding significant energy savings.

In 2020, we reduced our per store refrigeration-related emissions by 35% over a 2016 baseline.

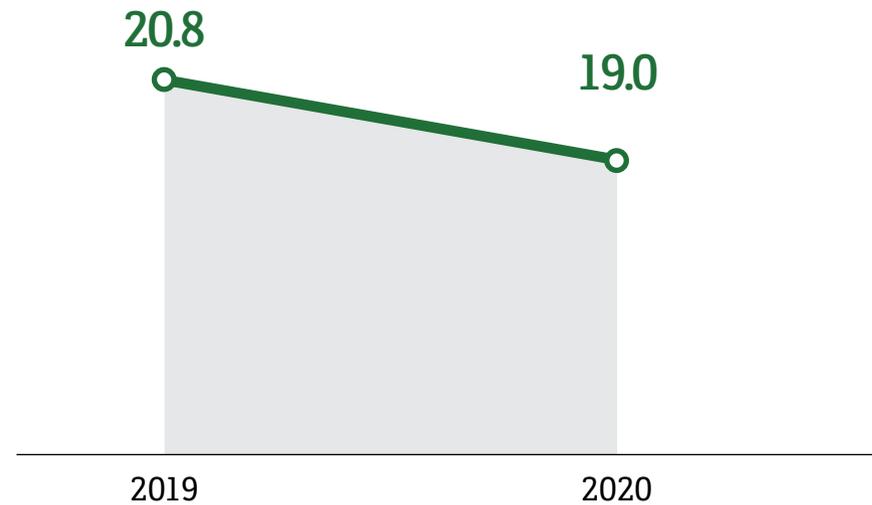
All of our stores are connected to a centralized environmental management system that tracks utility performance and ensures efficiency.

## Energy Management and Carbon Emissions

Our electricity and natural gas usage over the last two years has remained well below our unit growth rate of 6.5% as the table below demonstrates.

ENERGY SOURCE	2019	2020	2019 TO 2020 % CHANGE
Electricity (MWh)	464,455	483,724	4.1%
Natural Gas (Dth)	1,001,446	987,459	-1.4%

**Our normalized carbon emissions per square foot (tCO<sub>2</sub>e/sqft) continues to decline.**



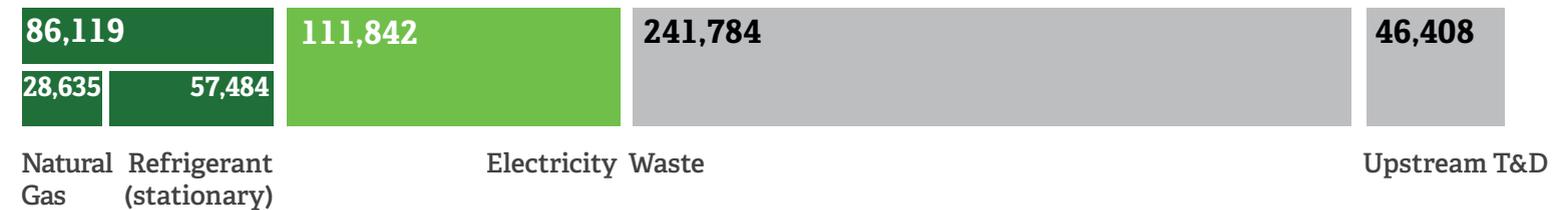
In addition to tracking and lowering our Scope 1 and 2 emissions, we monitor our Scope 3 waste and transportation emissions as well. We encourage our transportation partners to participate in the U.S. Environmental Protection Agency’s Smartway Program, which promotes logistics

efficiencies and carbon reduction. We also leverage our transportation fleet to backhaul recyclables from our stores to our distribution centers, which maximizes our transportation miles and supports our zero waste efforts.

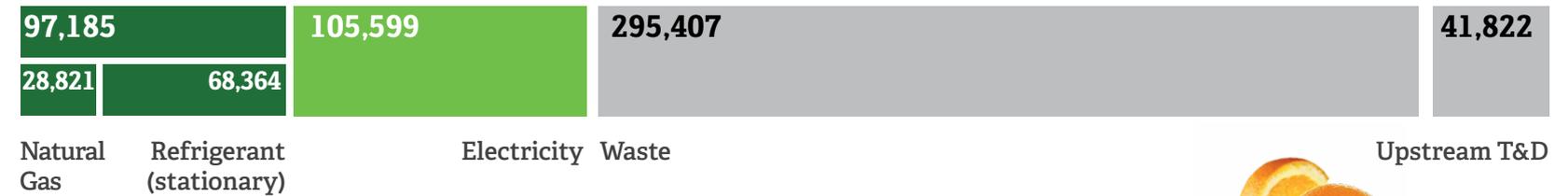
## Carbon Emissions Source

Our Scope 1 emissions dropped 16% in 2020 driven by our reduction in fugitive refrigeration emissions, despite adding 22 new stores, and our Scope 2 emissions were slightly below our unit growth rate. Our reduction in waste sent to landfill led to a decrease in our Scope 3 waste-related emissions.

### 2020 Emissions (metric tons CO<sub>2</sub>e)



### 2019 Emissions (metric tons CO<sub>2</sub>e)



■ Scope 1    
 ■ Scope 2    
 ■ Scope 3



# SUSTAINABLE SOURCING

**Sprouts is a destination to find products that are grown or produced in ways that are healthier for the planet and our customers. We offer a wide variety of organically grown, non-genetically modified (GMO), and plant-based options that lower the environmental impact of the food consumed. In 2020, we increased sales of products with a sustainable attribute by 20%, representing \$3.5 billion or more than 50% of total sales.**

We are currently exploring partnerships with vertical farmers and other growers who are utilizing less impactful agricultural technologies. These new practices can lower the environmental product footprint, support urban and local farming, and reduce food loss. With our nimble and adaptive supply chain capabilities we are able to work quickly in offering unique products for our customers.



**8,600** ORGANIC PRODUCTS

**431M** ORGANIC UNITS SOLD

**2,141** PLANT-BASED ALTERNATIVE PRODUCTS

**78M** PLANT-BASED ALTERNATIVE UNITS SOLD

**14,148** NON-GMO PRODUCTS

**458M** NON-GMO UNITS SOLD



**Palm Oil**

According to the Roundtable on Sustainable Palm Oil (RSPO), palm oil is used in many products, from margarine and ice cream to cosmetics and soaps, but its production has led to deforestation, harm to ecosystems and

Our palm oil sourcing requirements include:

1. Compliance with RSPO principles (or equivalent).
2. Protection of High Conservation Value (HCV) and High Carbon Stock (HCS) forests.
3. No new development on peatlands and the use of Best Management Practices for existing plantations on peatlands.
4. Commitment to no-burn policies.
5. Commitment to traceable and transparent palm oil supply chains.
6. Respect for human rights, including the right to free, prior, and informed consent, for community stakeholders impacted by expansion.

biodiversity, workers' rights violations, and community displacement. By ensuring that Sprouts products only use RSPO-certified palm oil or derivatives, we help protect native forests and wildlife, reduce poverty, and safeguard workers and communities.

7. Compliance with the Sprouts Code of Conduct, which describes our expectations in food safety, forced labor, child labor, abuse of labor, freedom of association and collective bargaining, discrimination and harassment, wages and benefits, work hours and overtime, health and safety, environment, and anti-corruption.
8. Support for the integration of smallholder farms into sustainable supply chains.
9. Traceability to the extraction mill and validation of fresh fruit bunches.



**We have committed to ensuring all Sprouts brand products containing palm oil, palm kernel oil, and derivatives be certified by the RSPO with book and claim credits or a mass balance, segregated, or identity- preserved supply chain certification, or other equivalent certification by the end of 2022.**



# WASTE

Sprouts is committed to eliminating waste and fighting hunger in our communities. **Our goal is to become a “Zero Waste” company – that means 90% or more of our waste is diverted from the landfill.** Our approach to managing waste and recyclables in our operations is based on the ISO 14001 environmental management system. We’ve identified our opportunity areas to reduce waste and increase recycling rates. Our highest priority continues to be on recovering food that is not in retail condition yet can be donated or repurposed to a higher use. Through multi-stakeholder engagement, we’ve identified best practices for material recovery and developed robust training that engages all of our store team members. We track performance through a customized store scorecard that easily communicates areas of strengths and opportunities for improvement.



Waste and Recycling Management (TONS)					
MATERIAL STREAM	2016	2017	2018	2019	2020
Landfill	63,345	60,481	69,804	70,335	57,568
Cardboard Recycling	34,846	39,182	45,779	48,085	48,904
Food Rescue Donation	9,500	11,500	12,087	13,500	13,530
Organics (Food Waste Recycling)	6,000	6,288	12,656	12,059	13,507
Single-stream Recycling	136	300	325	410	913
Soft-Plastics Recycling	266	335	328	409	556
Meat Recycling	27	26	283	325	525
Total Tons	114,120	118,112	141,261	145,123	135,504
Tons Recycled	50,775	57,631	71,457	74,788	77,936
<b>Landfill Diversion Rate</b>	<b>44%</b>	<b>49%</b>	<b>51%</b>	<b>52%</b>	<b>58%</b>

Food Waste Management					
DESCRIPTION	2016	2017	2018	2019	2020
Tons Food Waste Generated	34,236	35,434	42,378	43,537	40,651
Tons Food Waste Recovered	15,527	17,814	25,025	25,884	27,563
<b>Food Waste Recovery Rate</b>	<b>45%</b>	<b>50%</b>	<b>59%</b>	<b>59%</b>	<b>68%</b>

In 2020, we reevaluated how we communicate with customers as part of our long-term growth strategy and transitioned from print ads to digital. This transition not only improved our connection to our customers, but also **eliminated more than 15,000 tons of paper** and averted 60,000 MTCO<sub>2</sub>e.

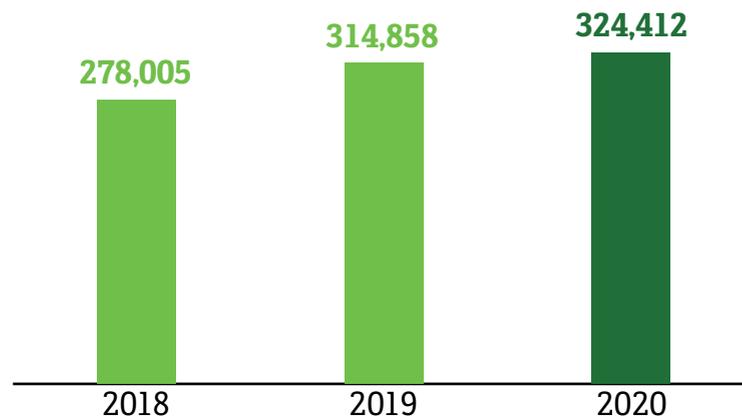
In 2020, we repurposed nearly 78,000 tons of food and other recyclables from our waste stream, resulting in an overall **landfill diversion rate of 58%**.

In 2020, our **food waste recovery rate was 68%**, which includes the equivalent of approximately 23 million meals donated to help those in need.

**Water**

We are committed to reducing water consumption in our operations. We have worked with third-party consultants to review our usage and identify areas where we can conserve. In 2020, our average water consumption was 896 kilogallons (Kgal) per store. **Compared to 2019, our total company water usage in 2020 increased only 3% while our store growth year over year was 6.5%.** Water audits conducted in our stores in warm weather climates identified refrigeration cooling tower operations as our highest area of consumption, followed by food prep, restroom use, and water purification among other things, we plan to test innovative cooling tower technologies to help reduce water usage in our stores. We have already installed low-flow sprayers, faucets, and commodes. Additionally, our stores have transitioned to foaming hand soaps and cleaning detergents that utilize less water. Annual water savings for these supply transitions are estimated to be 19,000 gallons per store.

**Total Fresh Water Consumption (KGAL)**





# PACKAGING AND PLASTICS

**We believe there is a need for a systemic approach to sustainable packaging and recycling in our society and economy. We actively participate in industry working groups to share best practices and explore innovative packaging and reuse solutions.**

Within Sprouts brand products, we have a purchasing preference for packaging that is reusable, recyclable, or compostable. We strive to include at least 30% recycled content in our Sprouts brand packaging, and fiber-based packaging is sourced from certified responsible sources. We have identified materials of concern within our packaging and work with our suppliers to find alternatives where necessary to meet our guidelines. We continue to analyze category-specific opportunities for improving our packaging and engage with our private label manufacturers to consider cost-effective sustainable options.

We partner with How2Recycle to provide guidance to customers on how to properly recycle our Sprouts brand packaging, and we are exploring new programs and partnerships that will increase reusable packaging options for our customers.

**We offer a significant variety of non-prepacked produce that allows customers to utilize their own reusable produce bags and avoid single-use plastics.**

**Our bulk product offering provides our customers with an opportunity to reduce the use of packaging during their shop.** In our bulk foods department, we offer over 200 SKUs of nuts, seeds, candies, and grains that customers can purchase with their own reusable bags, jars, or containers. We also sell reusable bulk bags for added convenience. While the pandemic forced us to shift to a prepackaged model for bulk foods temporarily, we plan to return to our pre-pandemic bulk offering in the future.



More than **40% of our stores do not use single-use plastic bags** at checkout.

In most of our major markets we continue to encourage our customers to reduce the use of single-use plastic bags by providing a **\$0.05 credit for every reusable bag** used at checkout.

This incentive has resulted in more than **15 million reusable bags** used at checkout in 2020 and nearly **\$800,000 in reusable bag credits** given back to our customers.

Customers can recycle single-use plastic bags at more than 290 locations. In 2020, our stores **recycled more than 500 tons of customer- and in-store generated plastic film.** We are expanding our logistics footprint and will be able to cover more than 95% of our locations with this program in 2021.



# SOCIAL

**We care deeply about the health and well-being of our customers, team members, and the communities in which we operate. We work collaboratively with our team members, supply chain partners, community organizations, and industry experts to promote food safety and worker rights, source responsibly, and promote the development and inclusion of our staff.**

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Total Rewards and Wellness	25
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# SAFE AND HEALTHY FOOD

**At Sprouts, we know that our customers are looking for safe, healthy and organic options, innovative and differentiated products, a great store experience, and support in living a healthier lifestyle.**

**In 2020, our sales of products labeled to promote health and nutrition attributes increased by 22%, resulting in annual sales of over \$1.2 billion.**

From promotions, recipes, and healthy living resources on our website to online health challenges, we inspire and empower our customers to make healthy choices. Nearly 121,000 customers logged over 6.5 million healthy meals in the MyFitnessPal app as part of our New Year's healthy eating challenge. Engagement like this brings customers back to shop with us again and again as part of their healthy living journey. With a Net Promoter Score of +65, our customer affinity is strong and in line with our best-in-class peers.

## Ingredients

Our merchant and private label teams maintain a unified ingredient list that addresses most common ingredients of concern for food products, health and beauty products, and vitamins and supplements. In keeping with the Sprouts brand promise, the list keeps out artificial colors, flavors, preservatives, and many other chemical ingredients of concern from products sold in our stores. The list is managed and kept current by our Director of Food Science, who reviews science-based data, including but not limited to toxicity, allergenicity, environmental concerns, consumer sentiment, and pending legislative or regulatory actions to determine whether any ingredient of concern should not be allowed, allowed under specific conditions, or allowed as intended to be used in formulations. The latest list is shared with our vendors and private label manufacturers, who often will reformulate their products to comply with our requirements to sell their products under the Sprouts brand.



**Food Safety**

Our food safety and quality professionals collaborate with third-party resources to ensure proper audit, governance, regulatory compliance, and subject matter expertise. Our food safety leaders regularly report on food safety to our executive team and Board. We continue to invest in processes, equipment, and training to enhance food safety, including digital daily log-keeping of temperatures, cleaning and sanitation tasks at stores, vendor audits, and food safety industry partnerships.

We work to identify food safety risks across our supply chain and within our stores. Our practices include:

- Conducting regular food safety audits of our stores at least twice a year using an internal team of audit professionals and a third-party auditing service, and we use a health inspection monitoring tool to assess regulatory and health inspection compliance.
- Requiring third-party food audit documentation and quality certifications from all suppliers. We accept nationally recognized audit standards, such as Safe Quality Food (SQF), Global Food Safety Initiative (GFSI), BRC Global Standards, and U.S. Department of Agriculture Current Good Manufacturing Processes (cGMP).
- Surveying and auditing our suppliers at their manufacturing locations. Auditors collect third-party inspection reports, corrective action details, food safety certifications, and Hazard Analysis and Critical Control Points (HACCP) plans.

- Conducting supplier food safety risk assessments prioritized by sales, product risk category, and previous recall history using a risk scoring system.
- In-person and online food safety training for all food handlers at our stores. We provide training to new team members and document these sessions by audits and online course completion certificates.
- Maintaining a recall system and process tool that can quickly trace and recall products.



**2020 Food Safety by the Numbers**

**Food Safety Training**

More than  
**10,000**  
team members  
trained

More than  
**12,200**  
training hours  
completed

**Internal Food Safety Store Audits**

More than  
**1,340**  
food safety  
inspections conducted

**External Vendor Audits of Suppliers**

**50**  
priority audits  
completed

In 2021, we will  
complete  
**100**  
supplier audits

# RESPONSIBLE SOURCING

**We are passionate about bringing responsibly grown and sourced food to our shelves. We commit to educating our customers about not only healthy eating and living, but also sustainable food practices and their ties to human and environmental health. We provide information in stores and online about third-party certifications like Certified Humane, Leaping Bunny, USDA Organic, and Fair Trade.**

We encourage all our suppliers to adopt ethical and sustainable practices, and we distribute supplier questionnaires and policies designed to address social and environmental performance within our supply chain. We focus on issues material to the grocery industry, such as human rights protections, animal welfare, and local sourcing. We detail our expectations in our [Supplier Code of Conduct](#). Each supplier is responsible for ensuring its employees, representatives, and subcontractors understand and comply with this Code. Among other elements, our Supplier Code of Conduct requires that:

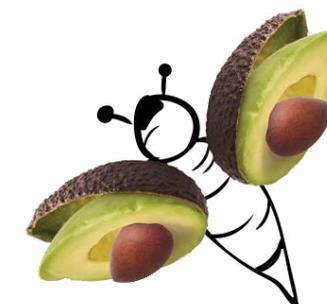
- Suppliers will allow us to conduct inspections of their facilities to confirm their compliance with the Code.
- Suppliers will use commercially reasonable efforts to ensure that all third parties in their supply chain comply with the Code.
- Suppliers must confidentially self-report any violations of the Code to us. Suppliers cannot retaliate or take disciplinary action against any worker who has, in good faith, reported violations or questionable behavior, or who has sought advice regarding the Code.

**We perform assessments of our supply chain to evaluate and address social and environmental risks.** We work with third parties to perform independent audits (which may be announced or unannounced) to evaluate compliance by suppliers of Sprouts branded products,

and we require all of our direct suppliers to certify that the materials incorporated into products they sell to us comply with all applicable laws regarding child labor, anti-slavery, and anti-human trafficking of the countries in which suppliers are doing business. In addition, we are in the process of developing a training program for team members with primary supply chain responsibilities to educate them on slavery and human trafficking and how to identify and mitigate risks within our supply chain.

We also believe that sourcing products from diverse suppliers such as minority- and women-owned businesses not only supports the economic well-being of the local communities we serve, but also builds on our strategy of winning with our target customer by providing them with innovative grocery options from emerging brands. We are in the process of refining our vendor diversity development program to attract, retain and grow our relationships with minority owned vendors and increase their opportunities for success through their partnership with Sprouts.

In 2020, we increased our sales of products with a **supply chain social standard by 14%**, representing total annual sales of more than \$1 billion or 15% of total sales.



**Local**

Part of our long-term business strategy incorporates increasing our local product offering. Locally sourced products lower our transportation related emissions, support local businesses, and appeal to our target customers. At Sprouts, we define “local” as made or produced in the state or within 500 miles. We’ve restructured our produce procurement teams to work more closely with local farms and source unique produce offerings. For instance, our new distribution center in Aurora, Colorado will support 45 stores and quadruple our local produce selection over time.



**Animal Welfare**

Responsible animal welfare is important to our target customers and our business. We recognize our responsibility to ensure the welfare of farm animals throughout our supply chain with respect to their physical, behavioral, and mental well-being. As part of this process, we are engaging our suppliers, NGOs, and other relevant stakeholders to ensure our policies and targets for continuous improvement are progressive, meaningful, and help drive the industry forward.

- We encourage our broiler chicken suppliers to incorporate the use of new and improved stunning technologies that lead to better animal welfare. Many of our chicken suppliers utilize controlled atmosphere stunning (CAS) when harvesting chicken. This more humane technology provides a less stressful experience, contributing to improved animal welfare, better processing conditions, and higher quality meat. **Approximately 35% of the chicken sold from our meat department is processed from facilities using CAS.**
- **All chicken sold in our meat department and deli roasted chicken are raised with no antibiotics, ever.**
- We are expanding our selection of plant-based meat protein alternatives in our meat department. **Sales of these lower carbon intensive options have increased to nearly 3% of total meat department sales, an increase of 45% in 2020.**

- **We source 100% of our whole pork products from suppliers that utilize open-pen or group-housed facilities, and are raised with no antibiotics or beta agonists.**
- We have transitioned to **100% cage-free** eggs in our Sprouts brand, and company-wide 98% of all shell eggs, and 100% of liquid eggs sold are from cage-free or free-range farms. We will transition to a 100% cage-free egg assortment by 2022.



**Sustainable Seafood**

We are particularly proud of the advancements we've made in sourcing sustainable seafood. 100% of our fresh, frozen, and shelf-stable seafood and sushi is sourced from responsibly managed fisheries. Sprouts is also a destination for customers to find innovative plant-based seafood options which can be found in our frozen and grocery departments.

We source seafood from select partners who are committed to preserving and protecting the health of our marine and freshwater ecosystems and the well-being of fishery-dependent communities. Vendors must provide evidence that products do not come from sources that utilize any illegal methods, including those violating human rights, and we only buy from traceable sources that can provide third-party certification and chain of control documentation. These certifications have strict limits on

bycatch and support the long-term viability of wild-caught species. Twice annually we utilize a third-party auditor to verify that our suppliers are meeting our requirements. Finally, we only source seafood species from verifiable, well-managed fisheries, fisheries involved in a Fishery Improvement Program, or certified sustainable by credible organizations under one of the following certifications:

**Sprouts brand tuna is 100% pole and line caught.**



**Alaska Responsible Fisheries Management (RFM)**



**GLOBALG.A.P. GlobalGAP Aquaculture Standard**



**Board Iascaigh Mhara (BIM) Certified Quality Aquaculture (Ireland)**



**Marine Stewardship Council (MSC)**



**Aquaculture Stewardship Council (ASC)**



**Marine EcoLabel (MEL) Japan**



**Best Aquaculture Practices (BAP) three star or higher**



**Audubon Gulf United for Lasting Fisheries (GULF)**



**Monterey Bay Aquarium's Seafood Watch Best Choice (Green) or Good Alternative (Yellow)**

## 2020 Team Member Development and Inclusion Highlights

- Created **2,500 new jobs** in 2020.
- **Promoted 7,200 team members** and filled 72% of store manager positions with internal candidates.
- **Awarded 75 scholarships** to team members and dependents, equating to more than \$1.4 million since our scholarship program began.
- **Delivered 475,000 hours of in-store training** while more than 40 Leadership Training Module graduates completed 8,000 hours of specialized instruction.
- **120 team members** enrolled in the Western Association of Food Chains' Retail Management Certificate Program.

# TEAM MEMBER DEVELOPMENT AND INCLUSION

**At Sprouts, we place great importance on recruiting candidates and retaining team members that have a love of food, pride themselves on service excellence, and share our purpose-driven culture. We build on our targeted recruitment efforts with robust training on customer engagement and product knowledge to ensure we have friendly, knowledgeable staff in every store.**

To grow the next generation of leaders at Sprouts, we have annual talent discussions and succession planning reviews to build talent within the organization to support our store growth. We developed a Leadership Training Model for high-potential internal team members to take their careers to the next level and to on-board store managers new to Sprouts. In 2020, we partnered with an industry-leading virtual reality technology firm to implement



cutting-edge training in all of our stores. We also offer unique apprenticeship and development programs in our meat and produce departments and for store and department management. Team members also have the opportunity to participate in the Western Association of Food Chains' Retail Management Certificate Program that provides the core skills and knowledge to move into a management role in the retail industry.

We welcome open feedback from all our team members, who can reach out directly to CEO Jack Sinclair via email with any questions or concerns they may have. We also encourage team members to share their ideas to improve Sprouts through a dedicated portal on our employee intranet, The Vine. Our leadership reviews every suggestion, and based on team member ideas, we've made changes like these:

- Added new products based on team member recommendations.
- Implemented team member buttons to inform customers if they speak a second language.
- Streamlined in-store signage.
- Improved our career path program to give easier visibility into how team members can move up at Sprouts.



**Diversity, Equity and Inclusion (DEI)**

We pride ourselves on supporting an inclusive, respectful, and caring culture throughout our organization. We are an equal opportunity employer and proud that we have a diverse team member population from clerk level to senior leadership. We make hiring and promotional decisions that consider inclusion of underrepresented team members, and we ensure diverse candidate slates are presented to our hiring managers.

**As of January 2021, approximately 51% of our team members were female and 48% were ethnically diverse.**

We are committed to providing a work environment that is free from discrimination and harassment. Sprouts' **Code of Conduct and Ethics** is distributed to each team member upon hire, which includes definitions of harassment, bullying, and abusive conduct, as well as the responsibility of each team member should they be victims of or witnesses to such conduct.

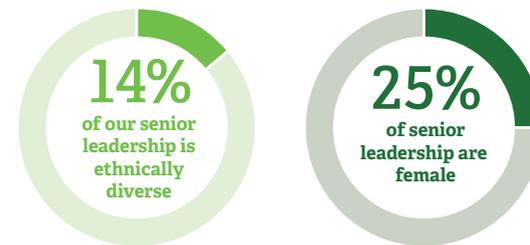
We encourage communication about all matters of concern through our Open-Door Policy, allowing for open lines of communication between team members at all levels. Finally, we have an internal policy committee that regularly reviews internal policies and ensures updates and communication to team members each quarter.

**Workforce Diversity**

All Team Members



All Leadership



**Promotions Across All Store Roles in 2020**



**Team Member Engagement Survey Highlights**

Sprouts conducts engagement surveys to measure and understand how team members feel about working for Sprouts. Several of the questions are focused specifically on respect and valued differences. We follow up with pulse surveys throughout the year as necessary. Our most recent survey showed the majority of our team members felt respected, satisfied, and engaged with their work:

- My immediate supervisor treats me with respect – **84% favorable**
- I am comfortable approaching my immediate supervisor with concerns – **83% favorable**
- My supervisor creates a positive work environment – **75% favorable**
- Highly engaged, Engaged and Partially Engaged – **82% favorable**

# TOTAL REWARDS AND WELLNESS

**We are proud to offer our team members competitive pay, store discounts, and opportunities for professional growth.**

Each quarter, we review the current market trends in our locations to determine if a store's compensation structure needs to be adjusted. We also offer benefits like sick and paid leave, medical insurance, a 401(k)-contribution matching program, and an employee assistance program dedicated to the mental, physical, emotional, and financial well-being of our team members. All store team members are eligible for a quarterly bonus plan, and during 2020 we increased the bonus amounts our team members can earn based on store performance. Beginning in 2021, all hourly team members became eligible for semi-annual reviews and merit increases.



## 2020 Total Rewards and Wellness Highlights



**We pay an average of \$17.42 an hour to our store team members.**



**We gave our team members approximately \$20 million in store discounts in 2020.**



**We provide our team members with a well-being program dedicated to their mental, physical, emotional, and financial health.**

Our Employee Relations department is accessible and available to all team members, both current and former. This group independently responds to and investigates issues that arise between team members and Sprouts. We have both a Human Resources Support desk and third-party managed ethics hotline where any concerns may be reported and addressed. Sprouts' managers are trained in performance management and employee relations processes, and we have a Store Manager Council whereby selected store leaders are able to bring questions and concerns to leadership. This council meets monthly and rotates annually.

**None of our team members are subject to collective bargaining agreements. We consider our relations with our team members to be good: we have never experienced a strike or significant work stoppage, and 52.8% of our employee turnover in 2020 was voluntary. We are proud of our team members' dedication to meeting our customers' expectations.**

**Safety**

We are committed to maintaining a safe environment for our team members and customers. In addition to the COVID safety protocols outlined earlier in this report, our stores implement various programs to reduce and eliminate hazards, resulting in a safer workplace and improved shopping experience.

Each Sprouts store has a designated Safety Captain trained on maintaining safe conditions for team members and customers. Our managers and supervisors have responsibility for ensuring the safety and health of their team members. Those responsibilities include:

- Executing the safety program covering hazards basic to all types of employment and those unique to each team member’s job assignment.
- Reporting, correcting, and documenting unsafe and unhealthy work practices in a timely manner.
- Performing first-aid duties as required, which includes maintaining first-aid supplies and disseminating emergency procedures.
- Keeping records of all team member training, corrections of unsafe conditions, dates, and results of workplace inspections.

**2020 Workplace Safety by the Numbers**

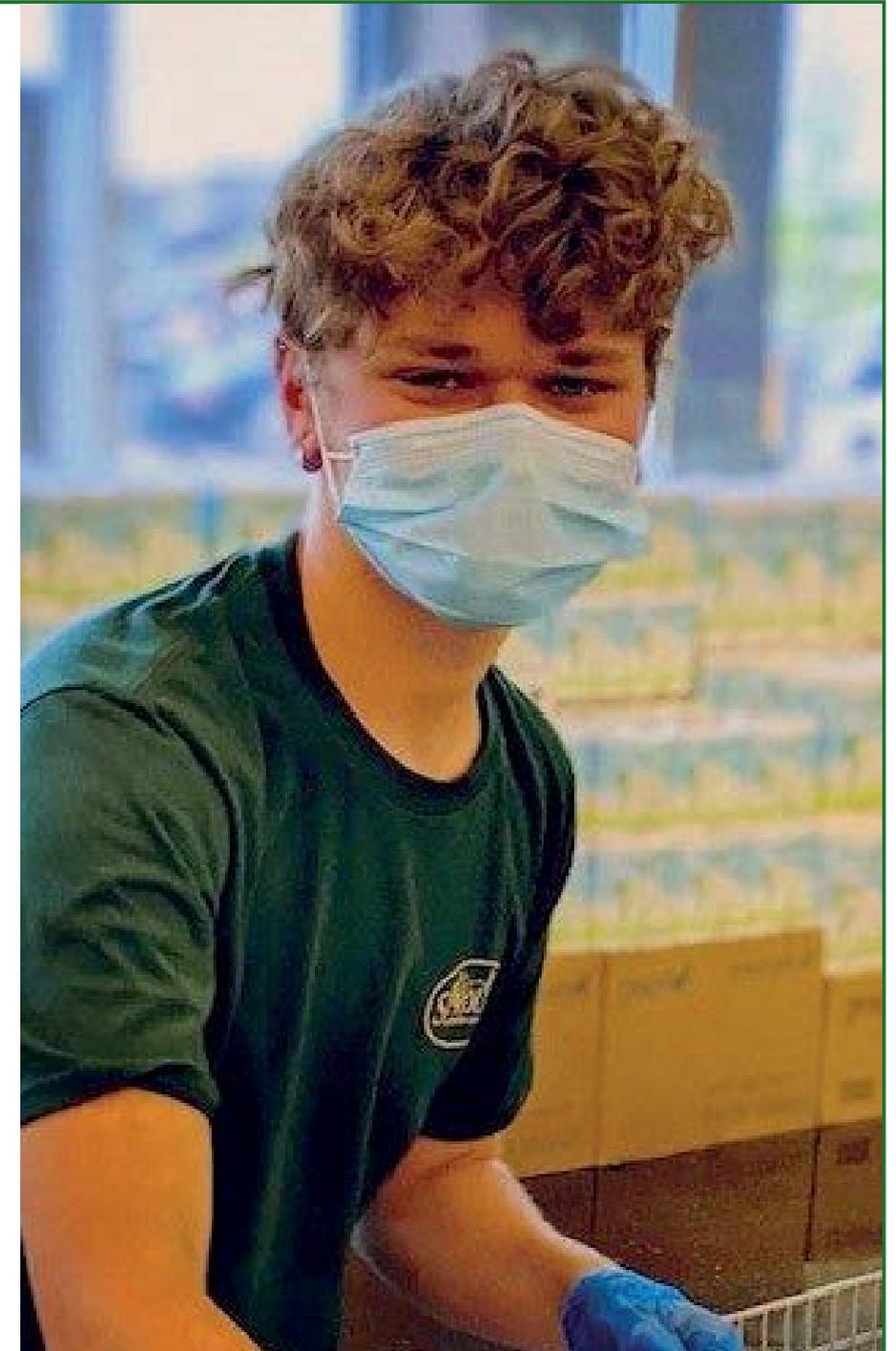
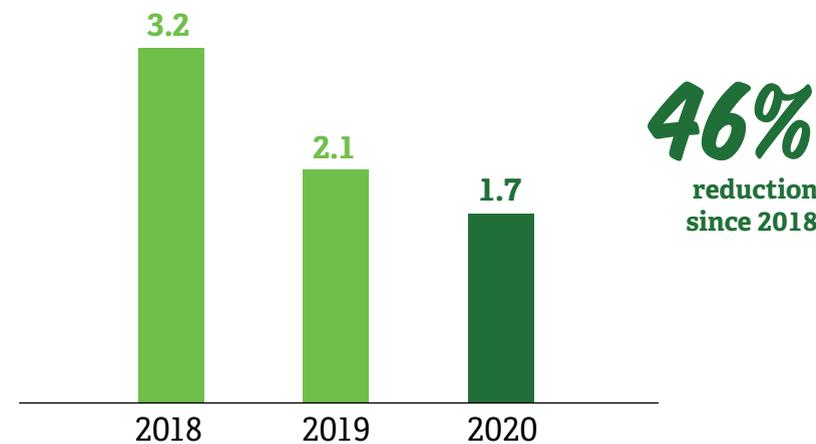
**20%** reduction in non-COVID worker compensation claims over the prior year

**708** safety audits completed

**21,996** safety training hours (every store team member)

**2.49** lost time incident rate

**Non-COVID Workers’ Compensation Claims per \$1M in Payroll**



# COMMUNITY

**We pledge to be a good neighbor in every community we serve through charitable giving, volunteer work, and local event support. Each year, our direct and in-kind donations help local nonprofit organizations, food banks, and service groups touch millions of lives to help make our world a better place.**

The Sprouts Healthy Communities Foundation, a registered 501(c)(3) organization, is focused on promoting nutrition education and increasing access to fresh, nutritious food in communities where we operate. Since its inception, the Foundation has awarded \$12 million to 400 local nonprofits.

The Foundation's work of advancing nutrition education and fresh food access was impacted significantly in 2020, as communities, schools, and nonprofit organizations rapidly shifted their programming in response to the coronavirus. Our existing network of more than 150 nonprofit partners pivoted programs to provide emergency food assistance to vulnerable families and communities and adapted to the challenges of teaching students virtually. The Foundation supported these efforts with a combination of existing and emergency funds, along with technical assistance.



The Foundation focuses grants and donations in two main categories:

## Youth Nutrition Education and Academic Support

School gardens play an important role in providing students with hands-on lessons that bring academics to life, while also promoting nutrition education and environmental literacy in youth. The Foundation supports dozens of local and regional school garden organizations that serve hundreds of individual school garden sites across the country. During the pandemic, the Foundation's network of partners shifted their programming to support teachers working with students virtually, repurposed school gardens into food production gardens, and adapted their programs to bring hands-on learning to students in their homes, preventing children from falling behind academically while learning at home.

## Food Systems Equity

Since 2015, the Foundation has actively partnered with nonprofit organizations working to build an equitable food system by increasing access to fresh produce and wholesome foods in communities with great need. Through a combination of access points like farmers markets, urban farms, and community gardens, these programs increase neighborhood-level capacity for access to fresh fruits and vegetables and contribute to economic development by providing training and employment opportunities. During the pandemic, these distribution points became even more critical, providing emergency food assistance and support resources to the neighborhoods they serve.



**In 2020, the Sprouts Foundation awarded \$1.6 million in grants and donations.**

For more information about the Foundation, please visit [sprouts.com/foundation](https://sprouts.com/foundation).

### Grant Programs

The Foundation operates three grant programs, including larger grants to help organizations scale programs and increase capacity, and smaller hyper-local grants designed for grassroots nonprofits serving their local community.

### Impact Grants

We recognize the significant impact multi-year funding and long-term partnerships can make in helping nonprofits make meaningful and lasting change in their communities. Impact Grants are designed to help organizations expand and scale programs, while also increasing organizational and operational capacity. See what our existing [Impact Grant](#) partners are working on.

### Existing Partners

- Life Lab (Santa Cruz, CA)
- Sage Garden Project (San Diego, CA)
- School Garden Support Organization Network (National)
- Spaces of Opportunity (Phoenix, AZ)

### Healthy Communities Grants

In 2019, the Foundation launched the Healthy Community Grants program, which awards nonprofit organizations with two years of funding designed to help pilot, scale, and expand programs that are making a direct impact on nutrition education and health outcomes. Learn more about our [Healthy Communities Grant](#) partners.

### Existing Partners

- First Place AZ (Phoenix, AZ)
- Garden School Foundation (Los Angeles, CA)
- Keep Tampa Bay Beautiful (Tampa, FL)
- Living Classrooms (Baltimore, MD)
- Oklahoma City Beautiful (Oklahoma City, OK)
- Orlando Health Foundation (Orlando, FL)

### Neighborhood Grants

The Foundation's Neighborhood Grants support organizations working at the community level, providing nutrition education and healthy food access programs to kids. In 2020, the Foundation awarded \$680,000 to 113 organizations, with grants ranging in size from \$2,500 to \$10,000. From school and community gardens to youth cooking classes, our partners offer a variety of programs that are interactive and educational. View our existing [Neighborhood Grant](#) partners.

### 2020 Impact Highlights

**Supported an estimated 350,000 students with nutrition programs, taught virtually, during school closures.**

**Funded a citywide distribution of home “to-grow” garden kits at the start of the pandemic, providing fresh produce to more than 1,500 families in need.**

**Assisted 25 community and urban farming partners with the sharing of more than 500,000 pounds of fresh, locally-grown fruits and vegetables to food insecure individuals and families.**



# GOVERNANCE

**At Sprouts, we pride ourselves on organizing around our values of integrity, accountability, and equity. ESG goals and initiatives are integrated throughout our business, and strong oversight by our leadership and Board of Directors ensures that the long-term interests of our many stakeholders are factored into our strategy, goals and decision-making. This report on our ESG progress demonstrates our commitment to transparency and continuous improvement.**

Corporate Governance	30
Ethics and Compliance	32
Risk Management	33
Data Privacy and Cybersecurity	34



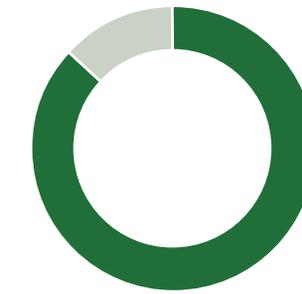
# CORPORATE GOVERNANCE

**Sprouts' Board oversees our Chief Executive Officer and our executive leadership team in the development and execution of our long-term strategy and the competent and ethical operation of our company on a day-to-day basis. Our governance structure is designed to foster principled actions, effective decision-making and appropriate monitoring of both compliance and performance.**

Our seasoned Board is comprised of deeply experienced corporate leaders with diverse backgrounds and balanced, complimentary skill sets. Our current Board leadership structure separates the Chief Executive Officer and Chairman of the Board roles. We believe our Board composition and leadership structure appropriately ensure independent viewpoints in the oversight of our business and allocate responsibility between our Board members and management.

To enhance the effectiveness of its oversight responsibilities, the Board currently has four standing committees: Audit, Compensation, Nominating and Corporate Governance, and Risk. Each committee is comprised entirely of independent directors and performs the duties as summarized in our [Proxy Statement](#).

When evaluating director candidates, our objective is to foster diversity of thought and experience on our Board. To accomplish that objective, the Board considers ethnic and gender diversity, as well as differences in perspective, professional experience, education, skill and other qualities in the context of the needs of our Board. Nominees are not discriminated against on the basis of age, race, ethnicity, religion, national origin, sex, sexual orientation, disability or any other basis. The Nominating and Corporate Governance Committee evaluates its effectiveness in achieving diversity on the Board through its annual review of board member composition. Our current directors reflect these efforts and the importance of diversity to the Board.

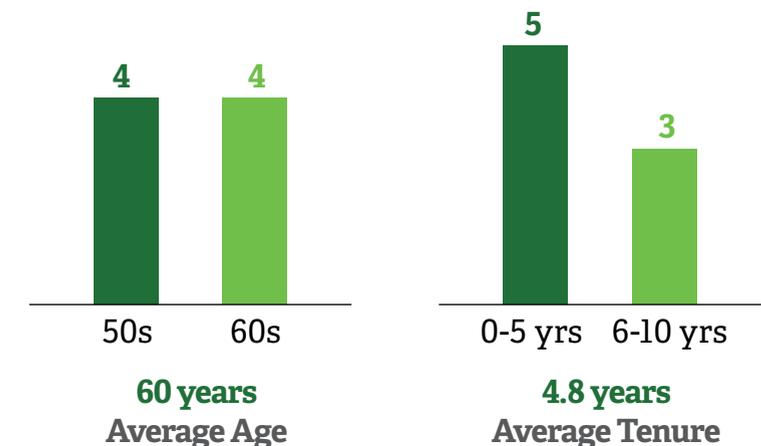


**87%**  
**Independent**  
7 of 8 Directors are Independent



**25%**  
**Female**  
2 of 8 Directors are Female

**13%**  
**Ethnically Diverse**  
1 of 8 Directors are Ethnically Diverse



The Compensation Committee of the Board has developed an executive compensation program that is designed to align pay with company performance, motivate and incentivize our executive leadership team, and be competitive with market practices. We believe that our mix of compensation, including equity performance awards and an annual performance-based cash bonus program tied to company financial and operational objectives, closely links executive officer compensation to company performance. Although executive compensation is not currently tied to ESG metrics, our Compensation Committee, with input from its independent compensation consultant, will continue to explore options to incentivize ESG performance in the future. At our 2020 annual meeting, our “say-on-pay” advisory vote on the 2019 compensation of our executive officers received approximately 91% support from our stockholders.

ESG leadership at Sprouts begins with our Board and executive leadership team. Our Nominating and Governance Committee regularly reviews our governance structure and documents, and

our Risk Committee monitors our risk profile for our exposure to and mitigation strategy for risks related to ESG matters. Our Chief Legal Officer reports on our ESG efforts to our Board annually, and every Sprouts executive is expected to consider ESG matters in the oversight of their business units. Kristen Blum, an independent member of our Board, serves as Chairperson of the Sprouts Healthy Communities Foundation to provide independent oversight and Board-level visibility to the Foundation’s mission and operations.

As a public traded company, our Board is committed to the creation of long-term shareholder value while being mindful of the importance of ESG concerns. To that end, we engage in outreach efforts to our largest shareholders on an annual basis to discuss the ESG matters that are of primary importance to them. We report on these discussions to our Board and have implemented suggestions received from our outreach efforts, including amending our bylaws to allow for proxy access for stockholders’ director nominees and incorporating shareholder suggestions into this ESG report.



### Sustainability and Bonuses

At the store level, **sustainability performance is incorporated into the rating and bonus eligibility** for store managers, e.g. participation in waste diversion efforts and promotion of store safety conditions.



# ETHICS AND COMPLIANCE

**Our success depends upon a commitment to conduct ourselves with integrity, honesty, and in compliance with the law. The Sprouts Code of Conduct and Ethics (the Code) is a reflection of that commitment and provides the Board, leadership and team members with tools and guidance to work ethically and responsibly. Acting ethically and with honesty is essential to maintaining our reputation with our customers as a preferred shopping destination, with our team members as a great place to work, and with our communities and stakeholders as a responsible corporate citizen. We expect our team members, regardless of level or role, to adhere to the highest standards of ethical business conduct when dealing with fellow team members, guests, vendors or other third parties.**

The Code, along with the Sprouts Team Member Handbook and Policies and Procedures, provide information, resources and tools necessary to conduct ourselves in accordance with those standards. The Chief Executive Officer and senior financial officials also follow additional ethical guidelines and standards, as do all Sprouts directors. Topics covered include policies around non-

retaliation; management and supervision; quality and customer service; customer and team member safety; team member privacy; non-discrimination and harassment; public accommodation and non-discrimination; professional development; conflicts of interest (including transactions with related persons, gifts and entertainment, financial interests, and business opportunities); trade practices; fair dealing; anti-corruption and anti-bribery; compliance with laws regarding child labor, anti-slavery and anti-human trafficking; financial integrity; record retention; money laundering; the use of Sprouts assets (including confidential information, insider trading, intellectual property, physical and electronic assets, and imports and exports); environmental compliance; political involvement; and community and charity involvement. Violations of the Code by team members may result in disciplinary action up to discharge.

In furtherance of our commitment to ethical conduct, we maintain an Ethics Helpline operated by an independent, third-party company that is designed to make it as convenient and comfortable as possible for our team members to send questions, concerns and comments to our senior management on a confidential basis. The Ethics Helpline can also be used to report questions or concerns involving our accounting, auditing, financial

reporting or internal controls. On a quarterly basis, the Audit Committee of our Board receives a summary of any calls regarding accounting, auditing, financial reporting or internal controls, and our Risk Committee receives a summary of all other calls placed to the Ethics Hotline.



# RISK MANAGEMENT

**We maintain a robust enterprise risk management (ERM) program with an objective to build processes across our organization designed to identify potential risks, assess and prioritize those risks, and implement strategies to mitigate, manage, or avoid risk so that we may achieve our strategic goals. Using a severity of impact and likelihood of occurrence analysis, we assign a risk value to each identified risk and focus our attention and mitigation efforts on those risks deemed critical based on this analysis. Our ERM team reports directly to our Chief Legal Officer to ensure executive-level alignment and visibility to the risks we face and our efforts to mitigate their impact on our company.**

To enhance our Board’s oversight of our ERM program, in 2021 our Board formed a Risk Committee that is primarily responsible for overseeing our risk management processes. The Risk Committee reviews our ERM program and specific risks we face (including risks related to

cybersecurity, critical systems, and environmental and social matters, among others), provides input on the appropriate level of risk for our company, and reviews management’s strategies for adequately mitigating and managing the identified risks.

Although the Risk Committee administers this general risk management oversight function, the Board's other committees support our Board in discharging its oversight duties and addressing risks inherent in their respective areas, and our Board as a whole receives regular updates on our ERM program and retains oversight responsibility over our key strategic risks. During 2020, our full Board oversaw our efforts to identify, prioritize and mitigate the risks we faced related to the COVID pandemic. We believe this division of responsibilities is an effective approach for addressing the risks we face, and that our Board committee structure supports this approach.



# DATA PRIVACY AND CYBERSECURITY

**Maintaining our customers’ and team members’ trust by safeguarding their personal data and respecting their privacy decisions is critical to our success.**

We rely extensively on information technology systems for point-of-sale processing in our stores, supply chain, financial reporting, human resources and various other processes and transactions. We have implemented numerous security protocols in order to strengthen security, and we maintain a customary cyber insurance policy. To oversee the management of cyber risks and data privacy, the Risk Committee of our Board is chaired by Kristen Blum, an expert in cybersecurity, technology functional leadership and digital transformation. The Risk Committee is charged with monitoring our risk profile and our ongoing potential exposure to risks of various types, including risks related to cybersecurity and critical systems.

No data breaches occurred in 2020, in large measure because of our cybersecurity best practices, which include:



**Conducting external audits annually of our information security policies and systems, which are reviewed by external auditors who align these audits with NIST 800-53 and Payment Card Industry Data Security Standards.**



**Requiring training on data security for all team members upon hiring and then annually thereafter. The training covers data awareness and governance, password best practices, physical awareness, and reporting responsibilities.**



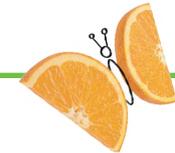
**Strong endpoint protection tools and application allow-lists to limit risk of proliferation of ransomware.**



**Implementing email targeted attack prevention, increasing our security around inbound email.**



**Using data loss prevention capabilities in outbound email to catch personally identifiable information or financial information.**



Additional details that explain how we collect, protect, use, and disclose personal information can be found on our [Privacy Policy](#) webpage.

Additional information of our governance efforts can be found on the governance section our investor relations website, as well as our [2020 Annual Report on Form 10-K](#) and [2021 Proxy Statement](#).

# SASB INDEX

The following table lists how our environmental, social and governance performance align with the Food Retailers & Distributors industry standards of the Sustainability Accounting Standards Board (SASB). The information shared covers our fiscal year from January 1 through December 31, 2020. SASB is an independent nonprofit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.

We cannot yet report on all activity metrics under the SASB framework, but we anticipate using it as a road map for setting goals and reviewing processes going forward. In addition, we will continue to evaluate officially reporting our disclosures to SASB in the future.



**SASB Index**

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	COMPANY RESPONSE
Air Emissions from Refrigeration	Gross global Scope 1 emissions from refrigerants	Metric tons CO2-e	CN0401-01	57,484 tCO2e
Air Emissions from Refrigeration	Percentage of refrigerants consumed with zero ozone depleting potential	Percentage (%) by weight	CN0401-02	3%
Air Emissions from Refrigeration	Average refrigerant emissions rate	Percentage (%)	CN0401-03	12.4%
Energy & Fleet Fuel Management	Operational energy consumed, percentage grid electricity, percentage renewable energy	Gigajoules (GJ), Percentage (%)	CN0401-04	(1) 1,126,043 GJ (2) 100% grid electricity (3) 0% renewable energy
Energy & Fleet Fuel Management	Fleet fuel consumed, percentage renewable	Gigajoules (GJ), Percentage (%)	CN0401-05	Sprouts incorporates 100% 3rd party logistics companies to deliver product to our stores
Food Waste Management	Amount of food waste generated, percentage diverted from the waste stream	Metric tons (t), Percentage (%)	CN0401-06	40,677 t 69% of food waste diverted from the waste stream
Data Security	Discussion of management approach to identifying and addressing data security risks	Number, Percentage (%)	CN0401-07	(1) Board level oversight of cyber risks and data security (2) IT systems audited annually by a 3rd party (3) Training on data security for all employees completed upon hiring and then annually thereafter (4) See Data Privacy and Cybersecurity section pg. 34
Data Security	Number of data security breaches, percentage involving customers' personally identifiable information (PII), number of customers affected	n/a	CN0401-08	Zero data breaches
Food Safety	High-risk food safety violation rate	Rate	CN0401-09	(1) 349 out of 1,344 inspections had a high-risk food safety violation (2) 26% high-risk food safety violation rate
Food Safety	Number of food-safety-related recalls, number of units recalled, percentage for private-label products	Number, Percentage (%)	CN0401-10	(1) 9 class 1 food safety related recalls (2) 17,625 class 1 food safety recall units (3) No class 1 recalls were for private-label products
Product Health & Nutrition	Revenue from products labeled and marketed to promote health and nutrition attributes	U.S. Dollars (\$)	CN0401-11	\$1,195,277,000 in revenue from products label and marketed to promote health and nutrition attributes

**SASB Index**

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	COMPANY RESPONSE
Product Health & Nutrition	Description of the process to identify and manage products and ingredients of concern and emerging dietary preferences	n/a	CN0401-12	(1) We maintain a list of over 150 ingredients that are excluded from use in Sprouts brand products and reformulate non-conforming products to meet our standards. Our Director of Food Science manages the list and routinely monitors science based data, consumer sentiment, and legislation to inform it's contents.  (2) See Ingredients section pg. 18
Product Labeling & Marketing	Notices of violations received for non-conformance with regulatory labeling and/or marketing codes	Number	CN0401-13	None
Product Labeling & Marketing	Amount of legal and regulatory fines and settlements associated with food marketing and/or labeling	U.S. Dollars (\$)	CN0401-14	None
Product Labeling & Marketing	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	U.S. Dollars (\$)	CN0401-15	(2) \$2,322,407,000 in revenue of products labeled as non-GMO
Fair Labor Practices	Average hourly wage and percentage of in-store employees earning minimum wage	U.S. Dollars (\$), Percentage (%)	CN0401-16	(1) \$17.42  (2) 2.1%
Fair Labor Practices	Percentage of active workforce covered under collective bargaining agreements	Percentage (%)	CN0401-17	0%
Fair Labor Practices	Number and total duration of work stoppages	Number, Days	CN0401-18	(1) Zero work stoppages, (2) Zero days idle
Fair Labor Practices	Amount of legal and regulatory fines and settlements associated with (1) labor law violations and (2) employment discrimination	U.S. Dollars (\$)	CN0401-19	Not disclosed
Management of Environmental & Social Impacts in the Supply Chain	Discussion of strategy to manage environmental and social risks within the supply chain	n/a	CN0401-20	(1) Sprouts conducts a variety of supply chain audits annually for supplier social and environmental performance.  (2) See Responsible Sourcing section pg. 20
Management of Environmental & Social Impacts in the Supply Chain	Revenue from products third-party certified to an environmental and/or social sustainability sourcing standard	U.S. Dollars (\$)	CN0401-21	\$3,564,914,000 in revenue from third-party certified to an environmental and/or social standard
Management of Environmental & Social Impacts in the Supply Chain	(1) Percentage of eggs sold from cage-free sources and (2) percentage of pork sold from gestation-crate-free sources	Percentage (%) by revenue	CN0401-22	(1) 98% of eggs sold were from cage-free sources  (2) 57% of pork sold was from group-housed facilities. As of August 2020, 100% of Sprouts pork transitioned to be sourced from group-housed facilities
Management of Environmental & Social Impacts in the Supply Chain	Description of strategies to reduce the environmental impact of packaging	n/a	CN0401-23	(1) We have benchmarked our Sprouts brand packaging profiles and estimate that more than 65% of our packaging is widely recyclable. We actively work with our supplier partners, NGOs, and industry working groups to identify more sustainable alternatives to our packaging.  (2) See Packaging and Plastics section pg. 16

**SPROUTS™**  
FARMERS MARKET

Sprouts Farmers Market, Inc.

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