

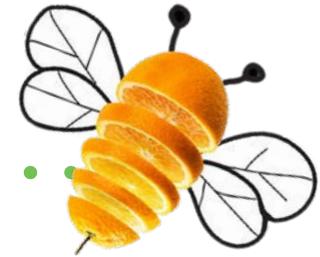


**SPROUTS**<sup>™</sup>  
FARMERS MARKET

# 2021 ESG REPORT

*SPROUTS, WHERE  
GOODNESS GROWS*<sup>®</sup>

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# LETTER FROM THE CEO

## Dear Stakeholders,

As I reflect on 2021, I'm extremely proud of how the Sprouts team excelled at meeting every challenge while supporting our communities and driving our business forward. Providing broad access to healthy food is fundamental to Sprouts' DNA and to creating an equitable and sustainable food system. In that regard, I'm pleased to share our 2021 progress on the ESG topics that matter most to our company and our stakeholders.

Most importantly, we made significant headway advancing our company's strategic initiatives over the past year furthering the environmental and social benefits that flow inherently from that work.

We opened our first new smaller format store in 2021 which delivers better returns and allows us to scale with lower emissions. Our two new produce distribution centers improve the freshness of our product while taking three million miles off the road. Our initiative to source more local produce through these distribution centers supports small farmers who are critical to a sustainable food supply for our country.

We increased our digital reach to over five million customers, allowing us to engage with them more meaningfully about the healthy products we offer while avoiding the printing

and delivery of weekly paper circulars. We introduced 5,700 new items, a number of which were developed by female and ethnically diverse entrepreneurs. Our talented merchant teams work closely with these creative minds to support their journey from concept to shelf.

The progress we've made on ESG matters is not just a result of executing on our strategy, it reflects our unique company culture. This year we created our new Values: **Care, Love Being Different**, and **Own It**. More than five thousand team members from our stores, distribution centers, and support office contributed to developing our Values to ensure they come alive across the business in our behavior and actions.

The Value of **Loving Being Different** was core to the work we did in 2021 elevating our diversity and inclusion efforts through intentional hiring and promotion practices, training, and creating team member-led resource groups. The Value of **Care** was on display in the work we did providing 26 million meals to food insecure members of our communities and giving \$3 million through the Sprouts Healthy Communities Foundation to local nonprofit partners focused on equitable food systems. The Value of **Own It** is rooted in our strong governance

practices and the oversight of our business strategy by our executive leadership team and Board of Directors.

This is our second year reporting ESG metrics according to the Sustainability Accounting Standards Board (SASB) standards. The evolution of our disclosure helps our stakeholders understand where Sprouts is with respect to the ESG issues that matter most to them. I hope that you find that this report reflects our dedication to continue improving upon our discussion of ESG strategy, targets, and performance metrics.

Building on the progress we made in 2021, I look forward to what we will accomplish in the years ahead as we continue executing our ESG initiatives.

Here's to a healthy 2022,



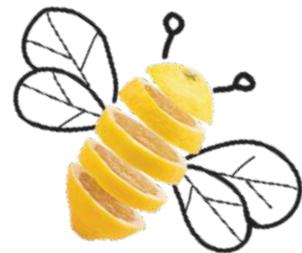
**Jack Sinclair**  
CEO



# ESG HIGHLIGHTS

## ENVIRONMENT

Our environmental focus areas range from lowering greenhouse gas emissions and diverting landfill waste to recycling plastics and sustainably sourcing products. We are committed to operating with a mindset of environmental sustainability.



### CLIMATE

**10%**

reduction of carbon emissions per sq. ft. over a 2019 baseline

**15%**

reduction in electricity related emissions per sq. ft. over a 2019 baseline

**49K**

MTCO<sub>2</sub>e averted through food recovery programs



### SUSTAINABLE SOURCING

**24%**

of sales from organic products

**44%**

of products sold had a social or environmental attribute

**25%**

increase in plant-based product sales



### WASTE AND RECOVERY

**26M**

meals donated

**60%**

landfill diversion rate

**78%**

of food waste recovered



### PACKAGING AND PLASTICS

**39%**

of stores do not use single-use plastic bags at checkout

**500+**

tons of plastic film recycled from customer and in-store use

**172**

Sprouts brand products launched with How2Recycle logo

# SOCIAL

Our top priority is the health and well-being of our customers, team members, and the communities we serve. We source responsibly, provide safe and healthy work conditions in our stores, promote diversity and inclusivity, and work to enrich our communities.



## RESPONSIBLE SOURCING

**100%**

of egg sales from cage-free, organic, or free-range farms

**\$680M**

in sales of products with a supply chain social standard such as Fair Trade and Certified Humane

**100%**

of Sprouts Butcher Shop pork comes from open-pen or group-housed facilities



## TEAM MEMBER DEVELOPMENT AND WELLNESS

**1,300**

new jobs created through new store openings

**22%**

of team members promoted

**22%**

reduction in worker safety claims



## DIVERSITY, EQUITY, AND INCLUSION

**68%**

of high potential leaders are either female or racially/ethnically diverse

**48%**

of all team members are racially/ethnically diverse

**50%+**

of promotions were to female or racially/ethnically diverse candidates



## COMMUNITY

**\$3M**

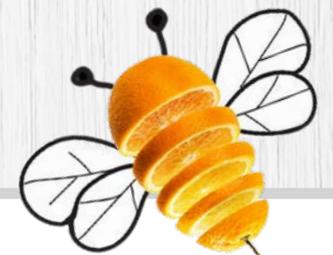
awarded to programs supporting youth nutrition education and food systems equity

**70K**

children taught in Sprouts-funded nutrition education programs

**120**

local non-profit partners supported



# GOVERNANCE

We pride ourselves in operating with our Values first and foremost: *Care, Love Being Different, and Own It*. Strong oversight by our executive leadership and Board of Directors ensures that ESG is integrated into our strategy, goals, and decision making.



## CORPORATE GOVERNANCE

**86%**

of board members are independent<sup>(1)</sup>

**29%**

of board members are female<sup>(1)</sup>

**14%**

of board members are ethnically diverse

<sup>(1)</sup> As of January 2, 2022



## ETHICS AND COMPLIANCE

- Robust Supplier Code of Conduct
- Ethics helpline monitored by independent third-party and renewed quarterly by our Board's Audit and Risk Committees
- Established Commitment to Human Rights with Board oversight that sets forth our high standards and expectations for human rights and fair labor in our supply chain

## SUSTAINABLE FINANCING

Improved credit terms tied to the achievement of ESG metrics



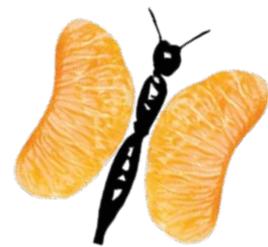
## RISK MANAGEMENT AND CYBERSECURITY

- Formed Risk Committee of our Board to oversee enterprise risk management
- Established senior level management role responsible for cybersecurity
- No cybersecurity or data privacy events in 2021



# SUSTAINABLE DEVELOPMENT GOALS

**Our ESG efforts are aligned with the United Nations Sustainable Development Goals (SDGs).**



## Zero Hunger

Our food rescue program and non-profit grant making and volunteerism support efforts to end hunger and build equitable food systems.



## Good Health and Well-Being

We promote the health and well-being of customers, team members, and communities through our sales of healthy products and practices around sourcing, safety, employment, and community support.



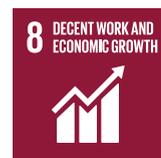
## Quality Education

Our Foundation is uniquely focused on supporting school garden programs that integrate science, math, and writing lessons with health and nutrition education. We offer our team members professional development opportunities and scholarships, building the next generation of leaders in retail.



## Clean Water and Sanitation

We design our stores to conserve water through efficient equipment, and we conduct regular site audits and training to ensure this precious resource is being conserved.



## Decent Work and Economic Growth

Our job creation, pay practices, and team member development and inclusion policies, along with our Supplier Code of Conduct and Commitment to Human Rights, guide us in providing good work and sustainable economic growth while respecting human rights across our supply chain.



## Reduced Inequalities

Along with our commitment to developing a diverse and inclusive workplace, we help reduce inequalities on a global scale through our support of equitable food systems, responsible sourcing practices, and human rights across our supply chain.



## Responsible Consumption and Production

We offer a wide variety of organically grown, non-genetically modified, plant-based, and other environmentally and socially certified food options that are grown, sourced, produced, and distributed in ways that are environmentally and socially responsible. We also favor reusable, recyclable, or compostable packaging and are moving towards 30% recycled content in our Sprouts brand packaging.



## Climate Action

We invest in carbon reduction measures to lower our carbon intensity in our operations such as reducing our new store size, investing in lower-GWP refrigerants, incorporating green building practices, and streamlining our distribution network.



## Life Below Water

In addition to identifying areas where we can conserve water in our stores, we contribute to protecting our oceans through our sustainable seafood sourcing practices and our initiatives to reduce plastic waste.



## Life On Land

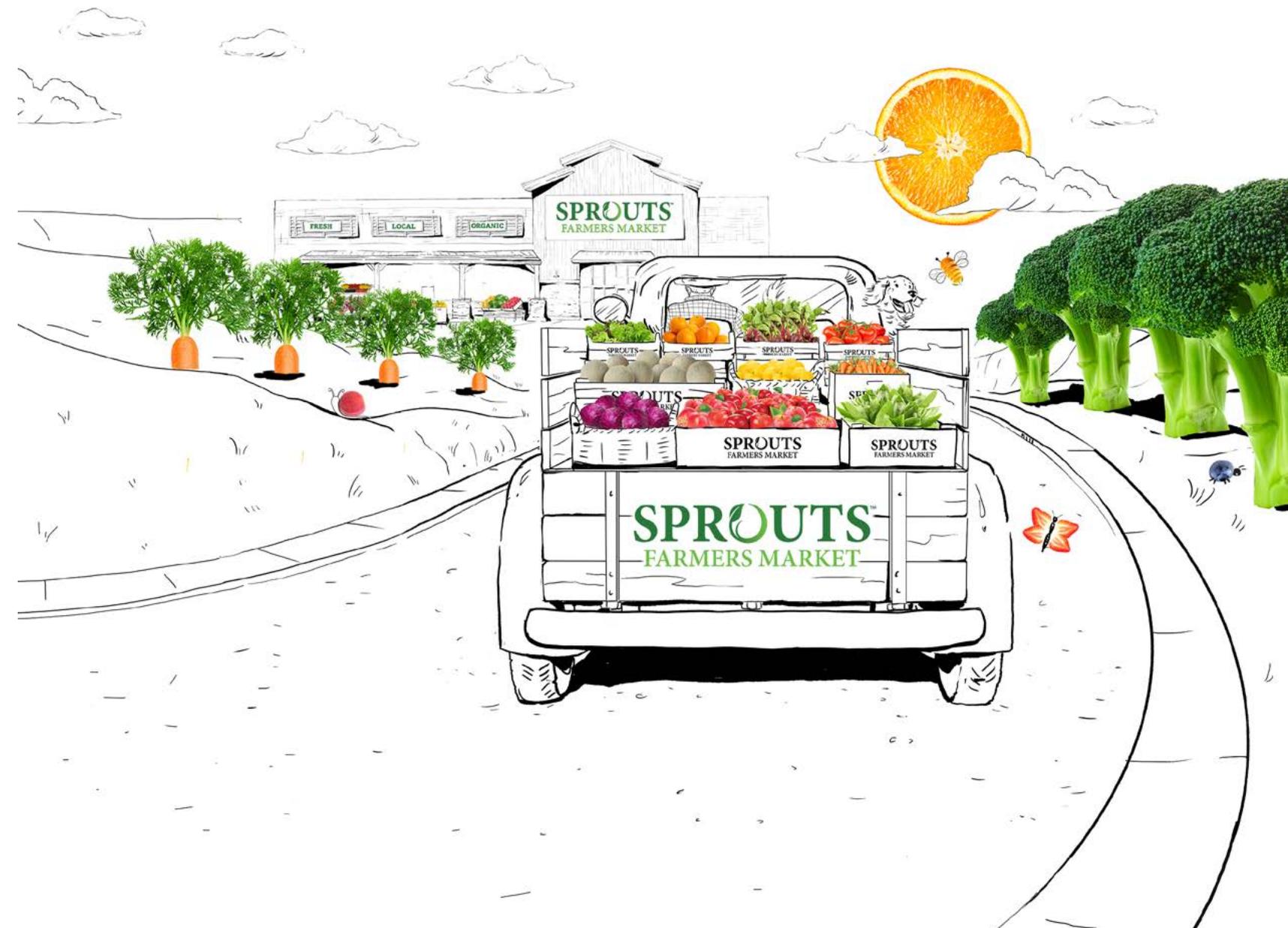
Our local sourcing, combined with our commitment to source from suppliers using sustainable agricultural practices, help to create a our positive impact on biodiversity.

# ABOUT SPROUTS

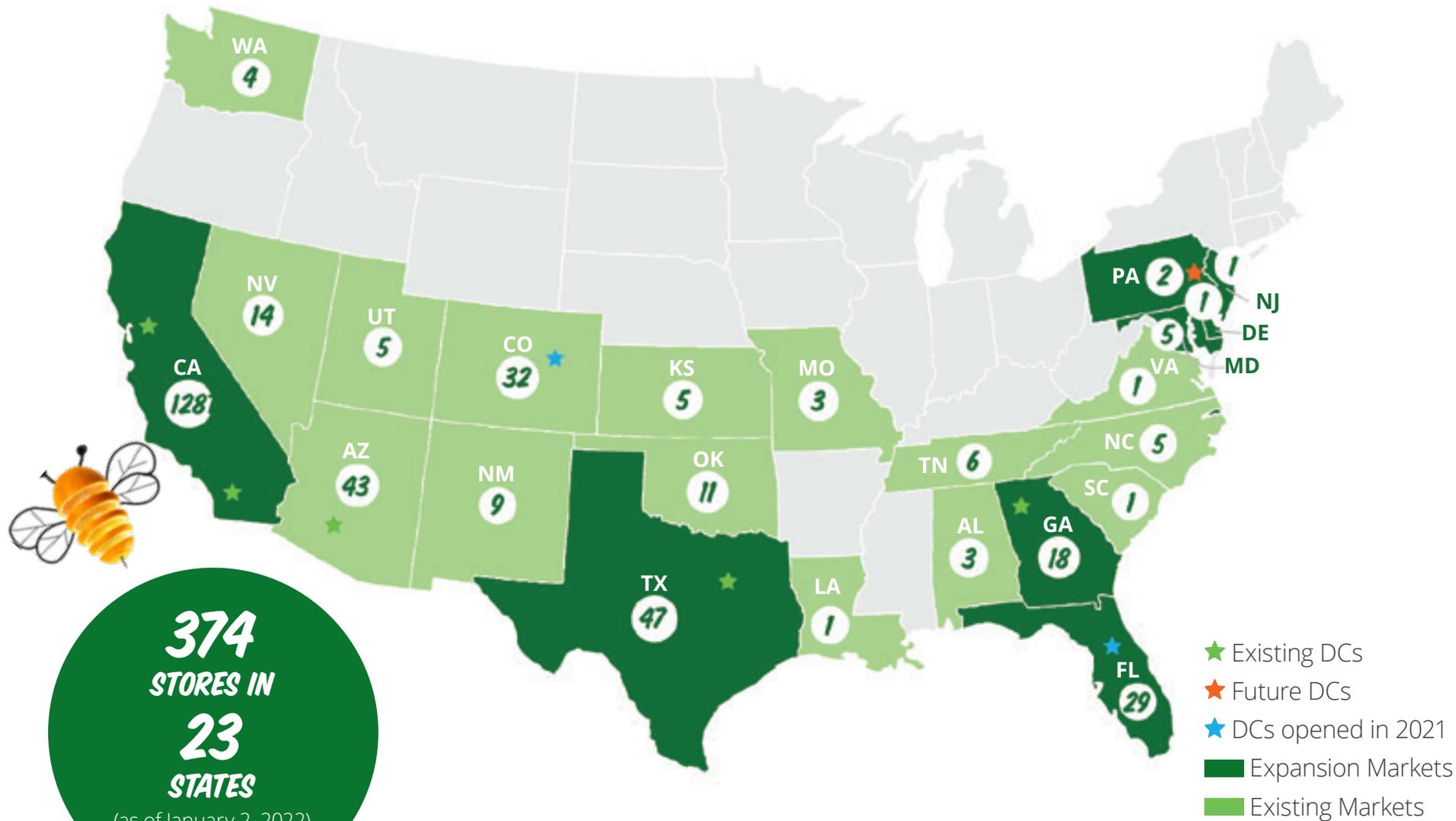
Sprouts Farmers Market offers a unique grocery experience in many ways. Our stores feature an open layout with fresh produce in the center of the store. We inspire wellness with a carefully curated assortment of healthier products paired with purpose-driven people. We continue to bring the latest in wholesome, innovative products made with lifestyle-friendly ingredients such as organic, plant-based, keto, and gluten-free.

Headquartered in Phoenix, Arizona, we are one of the largest specialty retailers of fresh, natural, and organic food in the country. What keeps us going is our commitment to making this world a better place, with not just our healthy living offerings, but also through our environmental practices, social initiatives, and caring for our team members and the communities in which we live and work.

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# ONE OF THE NATION'S FASTEST GROWING SPECIALTY RETAILERS



**374**  
STORES IN  
**23**  
STATES  
(as of January 2, 2022)

**12 new stores** opened in 2021, targeting 10%+ annual unit growth beyond 2022

**Net sales of \$6.1B**

**Received AAA MSCI rating**

**5,700 new items**, of which more than 400 were Sprouts brand products

**2 new distribution centers** (DCs) opened to increase access to fresh, local produce and reduce transportation miles

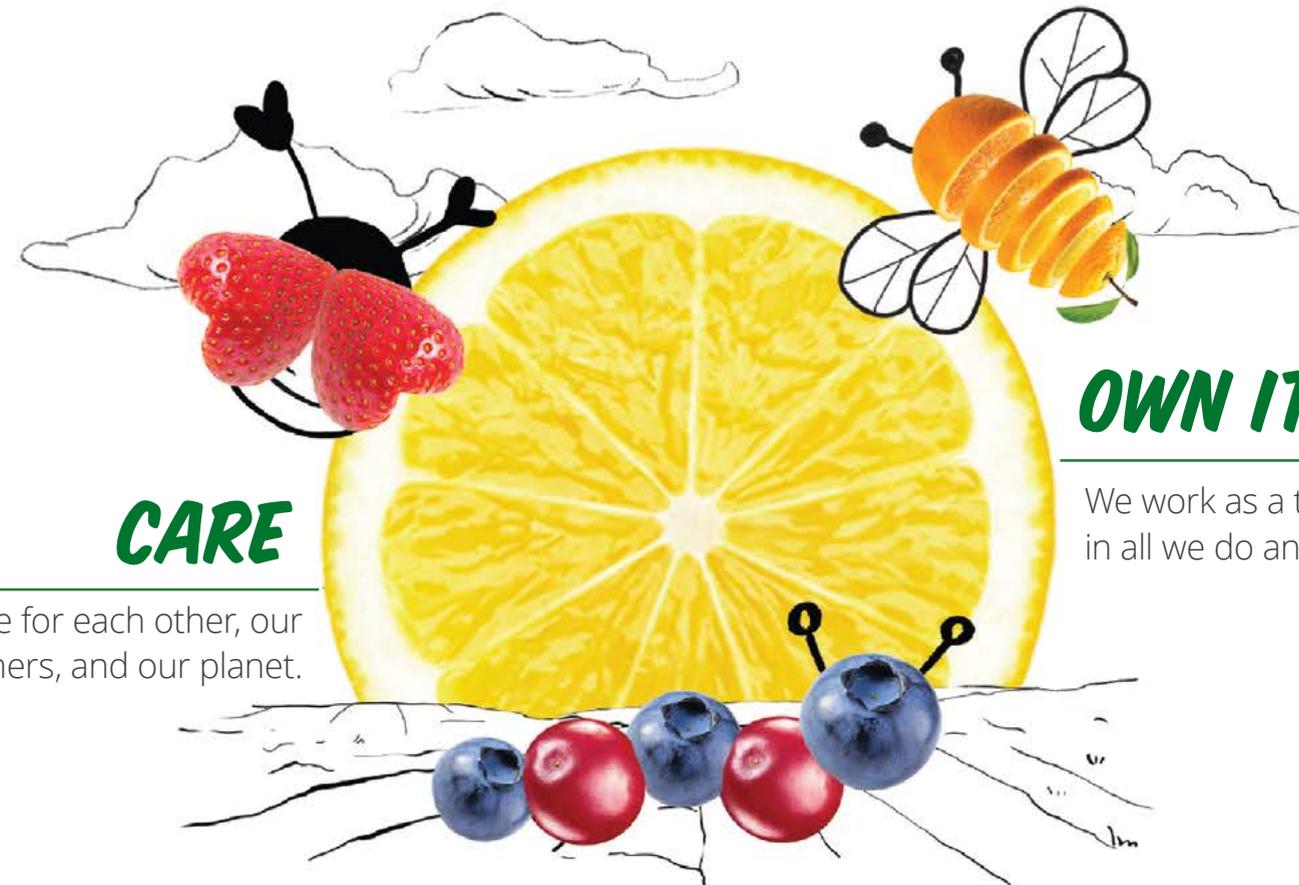


# SPROUTS VALUES

**In 2021, we established three core Values to intentionally shape our culture and guide the decisions we make. These Values inform our behaviors and actions to create a sense of inclusion and belonging.**

As part of the process of developing our Values, we engaged over 5,000 team members across the business through interviews, group sessions, and real-time surveys. The feedback process ensured that our Values were created through input from our front-line team members and are authentic to who we are and who we want to become as we continue our journey.

## AT SPROUTS WE:



### CARE

We care for each other, our customers, and our planet.

### OWN IT

We work as a team to deliver excellence in all we do and celebrate our success.

### LOVE BEING DIFFERENT

Our diverse team members and products create a unique experience for our customers.

# COMPANY STRATEGY AND ESG

**As a specialty retailer providing fresh produce and natural and organic products to promote well-being, sustainability is in our DNA. However, doing good extends beyond selling healthy products, which is why we are committed to improving our ESG impact each year. Our long-term growth strategy is rooted in ESG initiatives that improve our business, while caring for our customers, team members, communities, and the planet.**

Many of our ESG initiatives are built into and complement our long-term growth strategy:



**Winning  
with our Target  
Customers**

Our innovative sustainably and responsibly sourced product offering resonates with our health enthusiast and innovation seeker target customers.



**Updated Format  
and Expand in  
Select Markets**

Our new, smaller format stores allow us to scale with lower emissions and raw material usage while providing better returns. Our growth strategy in select markets allows for more in-fill opportunities, reducing our carbon footprint.



**Create an  
Advantaged Fresh  
Supply Chain**

Building stores within 250 miles of a DC reduces food waste and carbon emissions, increases access to local farmers, and provides fresh produce for customers.



**Refine Brand  
and Marketing  
Approach**

Our new digital focus eliminates paper ads, averting 60,000 MTCO<sub>2</sub>e annually, and allows us to communicate in more relevant ways to our target customers.



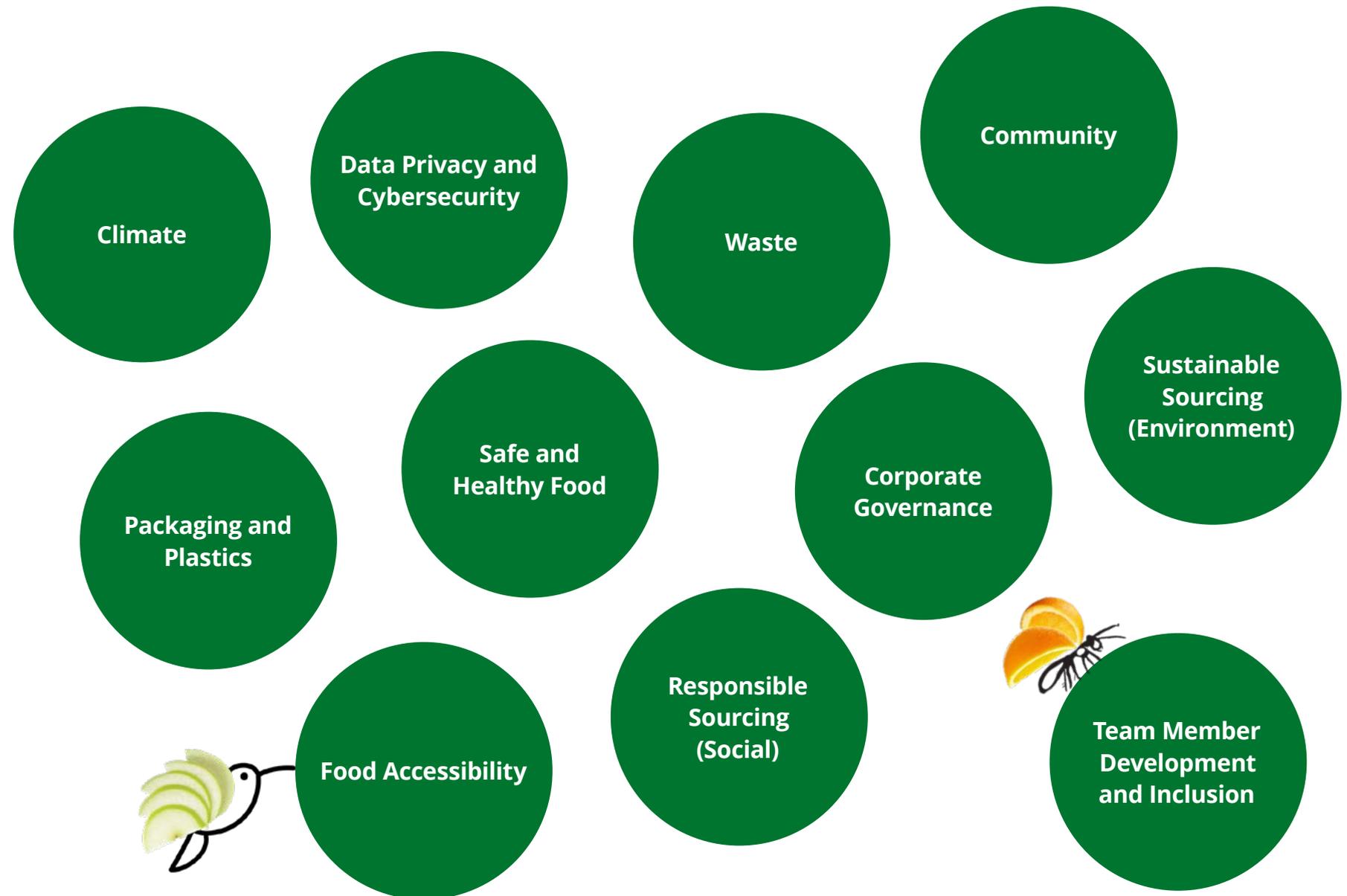
# STAKEHOLDER ENGAGEMENT AND MATERIALITY

Internal and external stakeholders told us the following issues are most important to them.

Over the last few years, we have worked with third-party ESG advisors to engage with our stakeholders on matters material to our business. Our materiality assessment consisted of a benchmark review of peers, leading ESG ratings, and frameworks such as SASB, MSCI, ISS ESG, and Sustainalytics. We also conducted a series of internal and external in-depth interviews with stakeholders to identify a list of relevant topics for Sprouts.

Our stakeholder groups include:

- Internal Sprouts executives
- Team members
- Investors
- Suppliers
- Non-governmental organizations
- Sustainability professionals
- Academics



# ENVIRONMENT

At the core of our identity is a genuine commitment to environmental sustainability. We are taking steps to reduce our carbon footprint and our natural resource intake while providing our customers with local, organic, and other sustainable food choices. We are diverting food from landfills and providing it to those in need.

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

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# CLIMATE

**We recognize the importance of monitoring and evaluating climate risks that could affect our business and the urgency to address this global challenge.**

Sprouts is a high growth specialty food retailer with planned store growth of 10% annually. Our growth makes it even more important that we focus on reducing our Scope 1, 2, and 3 emissions going forward.

What are Scopes 1, 2, and 3 emissions? Scope 1 involves direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, heating, and cooling we consume. Scope 3 includes all other indirect emissions in our value chain.

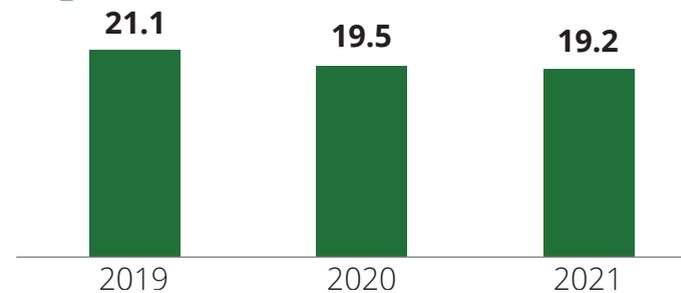
An important initiative for offsetting emissions growth is the change to the size of our store format made as part of our long-term strategy. Our previous store prototype was 30,000 square feet. Our new store prototype is closer to 23,000 square feet, which will reduce our emissions on a per store basis.

In addition, we continue to invest in energy efficiency technologies to reduce electricity usage in our stores and distribution centers. Some of the technologies include energy efficient LED lighting, energy management systems to monitor energy consumption, new CO2 refrigeration specifications, and automated refrigeration leak detection monitoring systems.

## SCOPE 1 & 2 EMISSIONS

We drove a **10% reduction in carbon intensity on a per square foot basis since 2019** while growing store count by 10% and opening two new DCs during that time.

### Scope 1 & 2 Emissions Intensity (MTCO<sub>2</sub>e KSF)



We are also investigating other options to drive down total absolute Scope 1 and 2 emissions as our business grows, including renewable energy sourcing and generation, further in-store energy efficiencies, and lower-GWP refrigerants.

We believe it is important for companies to make strong climate commitments due to the inherent risks posed by climate change, and we plan to align with Science Based Targets, verified by the SBTi, over time. We are in the process of working with a third-party expert on a modelled Scope 1 and 2 scenario that meets a net zero goal and involves a meaningful 2032 reduction target. The modelling includes our store growth as well as ongoing emissions reduction initiatives and considers offsite renewable energy projects to balance energy related emissions.

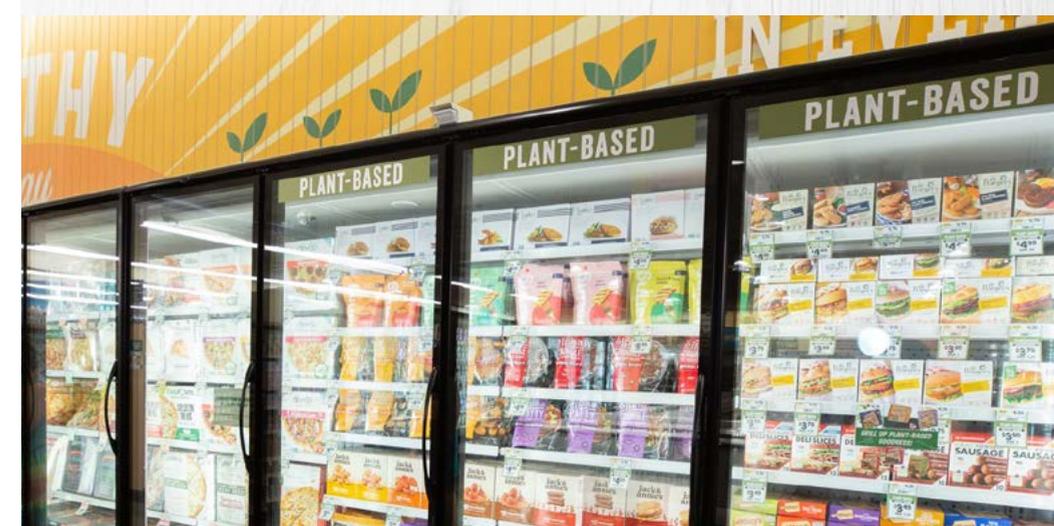


**35 stores retrofitted with LED lighting**, bringing the total percentage of stores with LED lighting to almost 60%

Reduced the size of our **new store format by 23%**

**4% decrease in Scope 1 emissions** per sq. ft. over a 2019 baseline

**15% decrease in Scope 2 emissions** per sq. ft. over a 2019 baseline

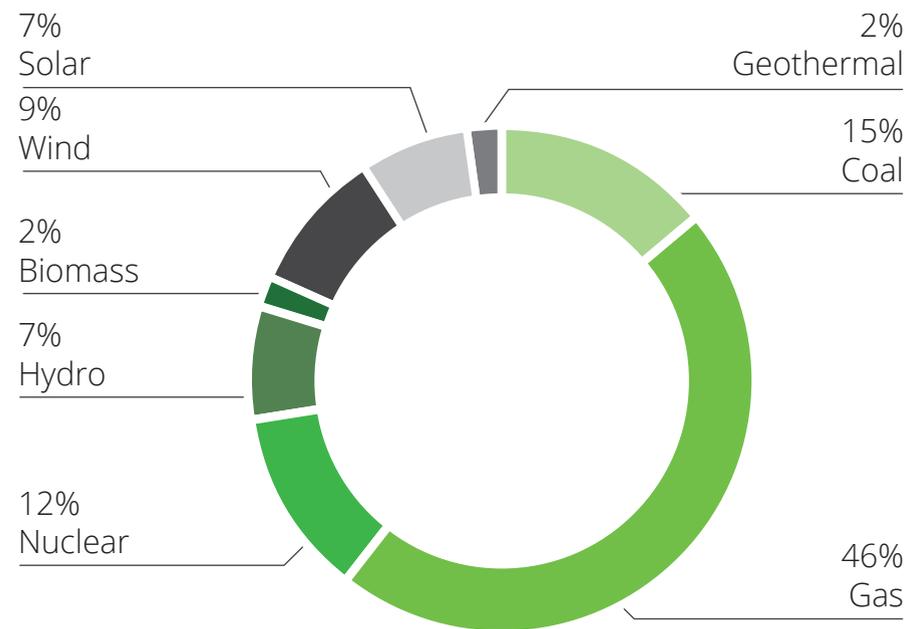


## ENERGY MANAGEMENT

Our electricity and natural gas usage over the last three years has remained well below our unit growth rate.

Energy Source	2019	2020	2021
Electricity (MWh)	295,848	314,405	319,357
Natural Gas (Dth)	538,262	538,478	562,526
Store Count	340	362	374

Based on our geographic footprint, 28% of our grid energy was from renewable sources.



Generation mix based on EPA Emissions & Generation Resource Integrated Database 2020.

## SCOPE 3 EMISSIONS

Due to the nature of our business, our wider value chain (Scope 3) emissions make up the bulk of our GHG footprint.

Our Scope 3 waste and transportation-related emissions are showing promise in those areas. Of our transportation partner fleets, 83% are EPA SmartWay certified carriers that advance supply chain sustainability and freight transportation efficiency. Our partners also backhaul recyclables from our stores to distribution centers to maximize the efficiency of our transportation miles and zero waste efforts.

In addition, our store growth plan involves building new stores within 250 miles of our DCs, reducing our transportation miles going forward. Our move away from paper advertising circulars to digital marketing has eliminated 60,000 MTCO<sub>2</sub>e annually and our food recovery efforts averted 48,500 MTCO<sub>2</sub>e last year.

In the future, we will seek to map, measure, and model our Scope 3 emissions in order to develop a supply chain strategy that both limits the risks associated with climate change as well as seeks upside opportunities for improved social and environmental performance. In keeping with the seriousness of these risks, we will also explore using the TCFD framework for reporting on our climate-related financial risks to assist our climate strategy.

**Our absolute Scope 3 waste-related emissions totaled 30,947 MTCO<sub>2</sub>e, a reduction of 7% from 2020. Our absolute Scope 3 upstream transportation-related emissions of 53,150 MTCO<sub>2</sub>e stayed relatively flat year-over-year despite our growth.**



**4% decrease in Scope 3 waste and transportation related emissions** over a 2019 baseline

# SUSTAINABLE SOURCING

Millions of customers choose Sprouts because they can find products that are grown and produced in ways that are healthier for people and the planet. Our stores are stocked with a wide variety of organically grown, non-GMO, and plant-based options that lower the environmental impact of the food consumed.

## ORGANIC

Organic products are grown according to a strict set of agricultural standards. This includes avoiding the use of synthetic pesticides and fertilizers, antibiotics, and genetically modified ingredients, as well as being produced in a way that helps preserve the environment and natural resources through sustainable practices.



## PLANT-BASED



Plant-based products lower greenhouse gas emissions and improve land use while minimizing soil, air, and water pollution. A plant-based diet is nutrient-dense and provides essential vitamins, minerals, fiber, and plant-based protein. We make it easy to spot which items are plant-based with convenient signs and tags. We're always on the hunt for the newest, most innovative plant-based and vegan products.



**\$2.7B** in sales of products with a social or environmental attribute, representing **44% of total sales**

.....  
**24%** of total sales from organic products  
.....

.....  
**25%** YoY increase of plant-based alternatives sales  
.....

.....  
**30%** of total sales from non-GMO products



McClellan Organics is a family-owned farm that grows all organic zucchini, squash, kale and more in Climax, Georgia.

## PALM OIL

To reduce the negative impact of palm oil cultivation, we committed to only using Roundtable on Sustainable Palm Oil (RSPO) certified palm oil or derivatives in our Sprouts brand products by year-end 2022. As of 2021, approximately 30% of palm oil tonnage used in our Sprouts brand products was sourced with a RSPO certification. We are actively working with our remaining suppliers to achieve our 2022 goal.



## LOCAL

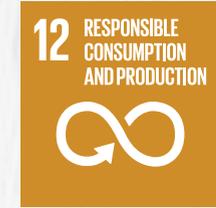
Our long-term, sustainable business strategy involves increasing our local product offering. Locally sourced products have the triple benefit of lowering our transportation related greenhouse gas emissions, supporting local businesses, and appealing to our target customers. As of year-end 2021, more than 85% of our stores are located within 250 miles of a distribution center which has significantly increased access to local farmers. Each of our DCs has a local produce buying team focused on finding the best product from the best local farmers.

**250** local growers provide fresh, seasonally grown produce

**MEET THE GROWER!**  
STROHAUER FARMS

**DID YOU KNOW?**  
Did you know? Just 50 miles outside of Denver, the fourth-generation family farm, Strohauser Farms, brings you the best, colorful potatoes! Strohauser Farms has been growing both organic and conventional potatoes in Northern Colorado since 1910. They're committed to consistent quality by operating with a warehouse crew that has been with them for over 15 years!

**COLORADO GROWN**



**Bates County Produce based in Rich Hill, Missouri, cultivates the land without the use of motorized equipment or electricity. This traditional way of farming ensures each harvest is grown with only the best care and attention.**

# WASTE AND MATERIAL RECOVERY

**Eliminating food waste and fighting hunger in our communities continues to be a priority for us. We will be a “Zero Waste” company by 2030. That means, 90% or more of our waste will be diverted from the landfill.**

Our approach to managing waste and recyclables in our operations is based on the ISO 14001 environmental management system. We prioritize food donations to our food rescue partners. We work with over 400 food rescue organizations from coast to coast, distributing much needed fresh, wholesome, and nutritious foods to those in need.

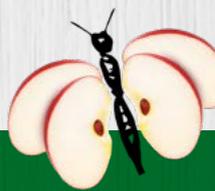
To manage the recovery of the other materials generated in our stores we engage with multi-stakeholder groups to identify the best practices for material recovery, including robust training for all our store team members.

Our waste recovery work also includes recycling of materials such as aerosol cans, cleaning supplies, and other regulated personal care products. In 2021, we collected and responsibly removed 20 tons of regulated materials from our operations.



Food Waste Management (Tons)			
Description	2019	2020	2021
Food Waste Generated	43,537	40,651	39,546
Food Waste Recovered	25,884	27,563	30,750
<b>Food Waste Recovery Rate</b>	<b>59%</b>	<b>68%</b>	<b>78%</b>

Waste and Recycling Management (Tons)			
Material Stream	2019	2020	2021
Landfill	70,335	57,568	52,814
Cardboard Recycling	48,085	48,904	46,712
Food Rescue Donation	13,500	13,530	16,100
Organics (Food Waste Recycling)	12,059	13,507	14,004
Single-stream Recycling	410	913	1,010
Soft-Plastics Recycling	409	556	515
Meat Recycling	325	525	645
Total Tons	145,123	135,504	131,820
Tons Recycled	74,788	77,936	79,006
<b>Landfill Diversion Rate</b>	<b>52%</b>	<b>58%</b>	<b>60%</b>



**60%** landfill diversion rate

.....

**78%** food waste recovery rate

.....

**32M** pounds of food donated

.....

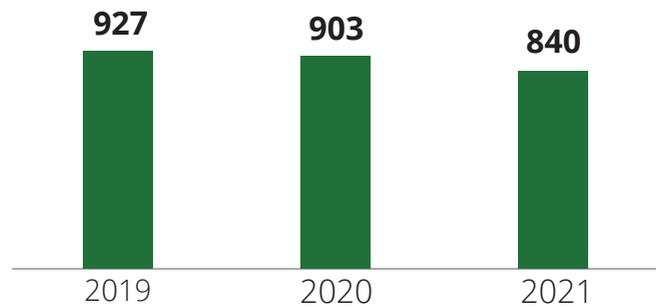
**45% of all food donated was fresh produce**



# WATER

**We are committed to reducing water consumption in our operations. In 2021, our average water consumption was 840 kilogallons (Kgal) per store. Compared to 2019, our water usage in 2021 decreased almost 10% per store.**

## Fresh Water Consumption (KGAL/store)



We have worked with third-party consultants to review our usage and identify areas where we can conserve. Our highest area of consumption is in stores located in warm weather climates due to refrigeration cooling tower operations. Our facilities teams continue to work with our partners to implement equipment and technologies that improve water efficiency.

In our food prep areas we utilize low-flow pre-rinse spray valves and in our restrooms we use high-efficiency toilets and urinals. These efforts not only improve our bottom line, they also help to conserve this increasingly valuable resource.

## CONTROLLED ENVIRONMENT AGRICULTURE

In 2021, we grew our sourcing network of controlled environment agriculture with innovative partners such as Gotham Greens and Revol Greens to provide our customers with low environmental impact nutritious greens. These greens utilize 95% less water and 97% less land than their conventional counterparts and are pesticide free.



**Maryland-based Gotham Greens grows fresh produce like romaine, butter lettuce, and basil year-round in one of the largest hydroponic greenhouses in the U.S. Hydroponic farming uses 95% less water and 97% less land than conventional farming.**

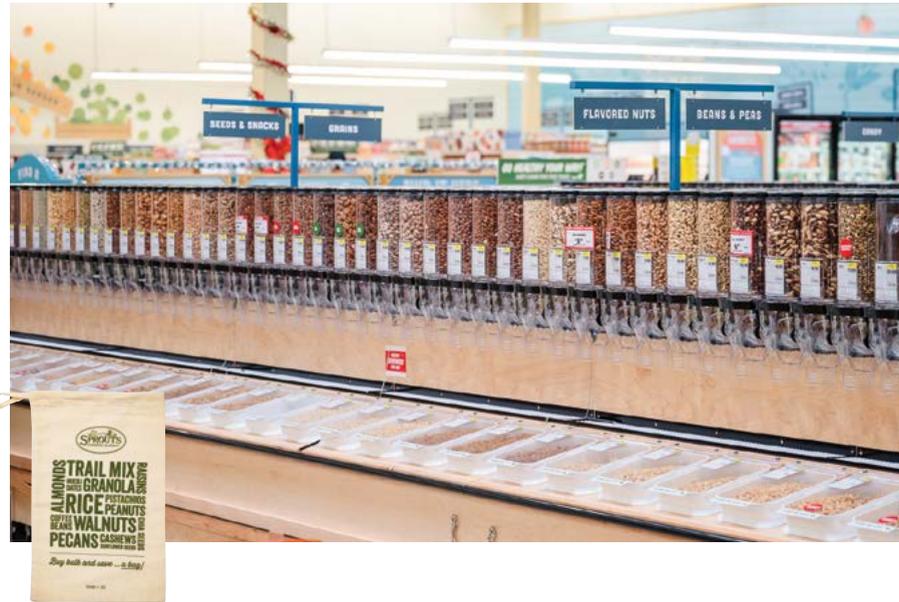
# PACKAGING AND PLASTICS

Food packaging makes up a large portion of plastic waste in the U.S. and we are committed to doing our part in reducing waste by offering our customers a wide variety of non-prepackaged products, developing sustainable packaging, and offering single-stream recycling in most of our stores.

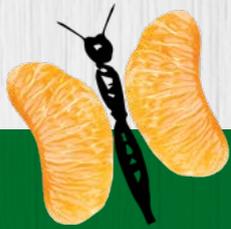
We prioritize packaging that is reusable, recyclable, or compostable for Sprouts brand products. We strive to include 30% recycled content in Sprouts brand packaging and prioritize raw materials that are sourced responsibly.



We have partnered with How2Recycle to help our customers recycle our Sprouts brand packaging. In 2021, we added 172 new items with the How2Recycle logo.



Our bulk product offerings further provide customers with a chance to reduce waste from packaging. Customers can buy 200 SKUs of nuts, seeds, candies, and grains with their own reusable bags, jars, or containers. We also offer reusable bulk and produce bags for purchase for added convenience.



**39%** of our stores do not use single-use plastic bags at checkout

**500 tons** of customer and in-store generated plastic film recycled

**11M** reusable bags were used at checkout in 2021



# SOCIAL

Providing safe and healthy food is at the core of our commitment to health and well-being. We collaborate with our team members, supply chain partners, community organizations, and industry experts to promote food safety, support workers' rights, source responsibly, and develop a diverse and inclusive workplace.

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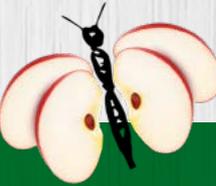
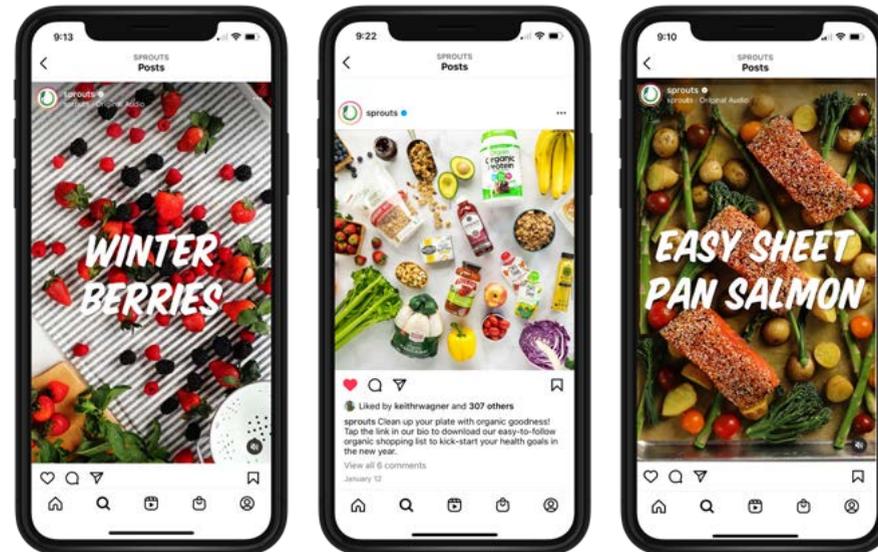
# HEALTHY FOOD

**At Sprouts, our customers look for safe, healthy, and high quality food in support of living a healthier lifestyle. We provide our customers with education about sustainable food practices and their ties to human and environmental health.**

With product attribute call outs, promotions, recipes, healthy living resources on our website, and online health challenges, we inspire and empower our customers to make healthy choices every day. Nearly all our products have health and quality attributes such as organic, non-GMO, plant-based, vegan, keto friendly, cruelty free, and more.

Sprouts brand products are differentiated from national brands in the unique combination of the health, taste, value, and quality attributes they offer.

We are currently “providing healthy living resources” to more than 5M customers via multiple digital platforms.



**21% of our total sales** are from fresh, healthy, nutrient dense produce

## INGREDIENTS

In keeping with the Sprouts brand promise, we ensure that none of our food, health and beauty, or cleaning products contain artificial colors, flavors, preservatives, or many other chemical ingredients. Our food science team reviews science-based data to establish ingredient standards and works with our vendors and private label manufacturers to ensure our requirements are met.



## FOOD SAFETY

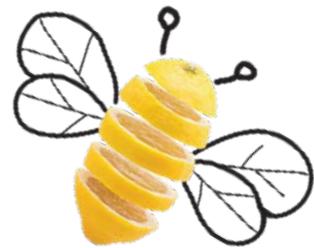
**Food Safety is an integral part of everyday life at Sprouts. We believe in not only doing things that are required by law, but also doing things that are right for our consumers, our planet, and our people.**

Our experienced team of food safety experts work 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 continually enhance food safety by investing in processes, technology, and training.

Some of the ways we work to mitigate food safety risks across our supply chain and within our stores are:

- Providing all our team members with state-of-the-art in-person and virtual online food safety training.
- Conducting in-depth food safety audits for each of our stores by internal audit professionals and third-party partners.



- Requiring third-party food audit documentation and quality certifications from all Sprouts brand suppliers. We accept nationally recognized audit standards such as Safe Quality Food, Global Food Safety Initiative, BRC Global Standards, and U.S. Department of Agriculture Current Good Manufacturing Processes.
- Surveying and auditing our Sprouts brand at their manufacturing locations. Auditors collect third-party inspection reports, corrective action details, food safety certifications, and Hazard Analysis and Critical Control Points plans. As part of our vendor standards, we require that our vendors provide food safety training to their team members.
- Maintaining a recall system and process tool that can easily and quickly trace products to each store and DC.
- Partnering with our key distributors to ensure food safety compliance across our supply chain including audits of their distribution centers and review of their warehousing, transportation, and cold chain processes.



**6,567** food safety inspections conducted

.....  
**Over 1M** temperature checks conducted on sales floor



# RESPONSIBLE SOURCING

We are committed to bringing responsibly grown and sourced food to our customers. We provide information about third-party certifications such as Certified Humane, Leaping Bunny, USDA Organic, and Fair Trade both online and in our stores.

We expect our suppliers to adopt ethical and sustainable practices. We distribute supplier questionnaires and policies to address social and environmental performance within our supply chain. Our expectations of suppliers are detailed in our Supplier Code of Conduct. Each of our suppliers is responsible for ensuring that its team members, representatives, and subcontractors understand and comply with our Code.

We conduct independent third-party audits (announced or unannounced) of our suppliers to evaluate compliance of Sprouts brand products. We require all our direct suppliers to certify that the materials used in products sold to us comply with all applicable laws regarding child labor, anti-slavery, and anti-human trafficking of the countries in which the suppliers are based.



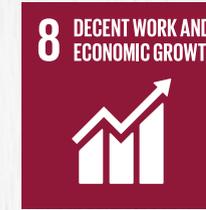
## HUMAN RIGHTS

We believe in the importance of respecting human rights as defined by the UN Guiding Principles on Business and Human Rights (UNGPs). In 2022, we published our Commitment to Human Rights setting forth our commitment to respecting internationally recognized human rights and aspirations to align with UNGPs.

We are taking steps to embed our Commitment to Human Rights in our operations and supply chain by creating formal systems to assess human rights issues and ensure that we have escalation paths and response processes. The implementation of this effort is overseen by our Chief Legal Officer. Further, we are committed to integrating human rights risks into our enterprise risk management program by designing a more comprehensive approach, gaining more insight into key risks in our supply chain and operations in the future. Going forward, our annual review of ESG with our Board will include human rights.

## SUPPLIER DIVERSITY

We believe that sourcing products from minority- and women-owned businesses supports the economic well-being of the communities we serve and builds on our strategy to win with our target customers by providing them with innovative options from emerging brands. We continue to refine and enhance our vendor diversity development program to attract, retain, and grow our relationships with female and racially/ethnically diverse vendors.



**\$680M** in sales of products with a supply chain social attribute

**\$63M** in sales of products by women, minority, veteran, LGBTQ-owned suppliers in our grocery department



Always Fresh Farms is a family-owned farm located in the heart of Central Florida. First generation Americans Hilda and Fidel Castillo took their love of harvesting strawberries on a small scale and grew their passion into more than 300 acres!

## ANIMAL WELFARE

We recognize the importance of ensuring the welfare of farm animals throughout our supply chain with respect to their physical, behavioral, and mental well-being. Responsible animal welfare is also important to our target customers and our business strategy. As part of our efforts to responsibly source meat, we are engaging with our suppliers, NGOs, and other relevant stakeholders to ensure that our policies and processes are progressive, meaningful, and help drive the industry forward.

We regularly survey and engage with our animal protein suppliers to review their animal welfare practices on farms and in their processing facilities to ensure the following Five Freedoms of animal welfare are being met:

- 1 Freedom from hunger or thirst
- 2 Freedom from discomfort
- 3 Freedom from pain, injury, or disease
- 4 Freedom to express normal behavior
- 5 Freedom from fear and distress

**We are committed to improving chicken welfare via environmental enrichments by 2024, reduced stocking density by 2025, and more humane processing through CAS (controlled-atmosphere stunning) by 2026.**



**We proudly source our 100% grass-fed Angus beef from Grass Run Farms®. Born and grazed in the U.S., herds are raised on nutrient-rich pastures by trusted family ranchers.**



**Sprouts Pasture-raised Eggs are laid by hens raised on family-owned farms. For happy grazing, our hens have at least 108 sq. ft. of land to roam indoors and outdoors.**



**100%** cage-free, organic, or free-range eggs

**100%** of Sprouts Butcher Shop pork supply sourced from suppliers that utilize open-pen or group-housed facilities

**100%** of Sprouts Butcher Shop chicken and pork are raised without antibiotics

**50%** of Sprouts Butcher Shop beef is organic or grassfed and raised without antibiotics ever

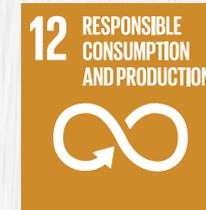
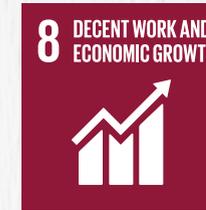
**3%** of total meat department sales from plant-based alternatives, **up 50%** since 2019

## SUSTAINABLE SEAFOOD

**Our oceans cover more than 70% of our planet, and Sprouts does its part to help protect them. Sustainably sourced seafood allows us to help preserve the integrity of our oceans and the planet by ensuring safe and responsible farming practices.**

Shopping sustainably sourced seafood, supports fisheries who reduce the pressure on our ecosystems caused by overfishing and habitat-damaging fishing methods. Our suppliers are expected to comply with our Sustainable Seafood Policy which requires fisheries and farm operations to undergo a rigorous process to

ensure that their practices comply with requirements that have been established by international experts. Non-certified seafood species from countries that have robust regulatory oversight and sound scientific management practices are eligible for inclusion as a source of supply on a case-by-case basis. We are also a destination for innovative seafood alternatives from plant-based fish fillets, sticks, and tuna which is an emerging category that helps relieve pressure on our oceans.



We strive to source only from verifiable, well-managed fisheries, fisheries involved in a **Fishery Improvement Program**, or certified sustainable by credible organizations

**100%** of our seafood is sourced according to our Sustainable Seafood Policy



**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)**

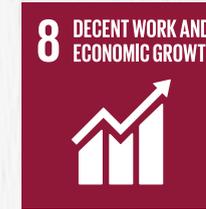


# TEAM MEMBER DEVELOPMENT

**We recruit and retain team members that share our Values, have a love of food, and pride themselves on service excellence. Our friendly and knowledgeable team members are trained to engage our customers and share information about our differentiated products. Our team members are passionate about what they do and we support them in growing their careers.**

We further the development of our team members through performance feedback, individual development plans, and our talent review process. We have a robust Leadership Development Program to on-board new store managers. Team members interested in moving into a management role in the retail industry can participate in the Western Association of Food Chains' Retail Management Certificate Program to improve their core skills and knowledge.

Each team member is encouraged to send feedback directly to the CEO via email with any questions or concerns they may have. Team members may also use a dedicated portal on our team member intranet to share their ideas on how to make Sprouts better. Several important changes have been made in our business based on feedback from our team members. For example, we have increased efficiencies in our stores by changing our shelf tagging process.



**1,300** new jobs created through new store openings

**22%** of team members promoted

**79%** of store manager positions filled with internal candidates

**75** Sprouts scholarships awarded to team members and dependents, equating to more than \$1.5M since our scholarship program began

**585,000** hours of in-store training delivered

# DIVERSITY, EQUITY, AND INCLUSION

We value diversity and pride ourselves on providing an inclusive, respectful, and caring work culture throughout our organization. We are an equal opportunity employer, and our diversity is represented from the clerk level to executive leadership. We make hiring and promotional decisions that consider the inclusion of underrepresented team members, and we ensure diverse candidate slates are presented to our hiring managers.

**As of January 2022, approximately 51% of our team members were female and 48% were racially/ethnically diverse.**

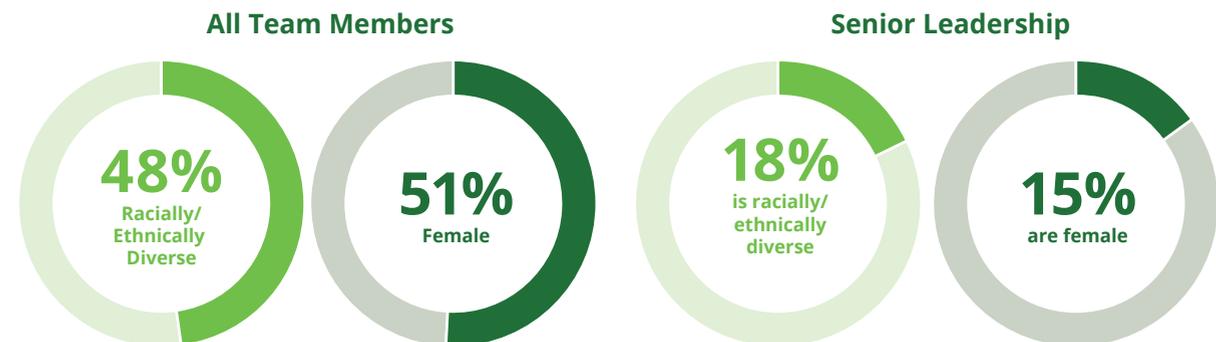
Our Code of Conduct and Ethics is distributed to each team member upon hire which includes definitions of harassment, bullying, and abusive conduct, as well as the responsibility of each team member to speak up should they be victims of or witness such conduct. Through our

Open-Door Policy, we encourage communications on all matters of concern. Our Internal Policy Committee regularly reviews internal policies and ensures updates and communication to team members each quarter.

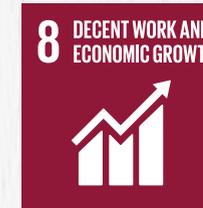
We launched Team Member Resource Groups in 2021 with Inspiring Women@Sprouts to help support our female team members. Additionally, we sponsored high potential team members in the McKinsey Black Leadership Academy and registered team members for the 2022 Hispanic & Asian Leadership Academies. We are proud to share that 78% of participants completing the McKinsey Black Management Accelerator Program were promoted in 2021.

**In 2021, we conducted a formal talent review and succession planning, which identified 17% of leaders as high potential talent. Out of this group, 36% were female and 32% were racially/ethnically diverse.**

## Workforce Diversity



## Promotions Across All Store Roles in 2021



# REWARDS AND WELLNESS

**We offer our team members competitive pay and benefits and support their professional and personal wellbeing.**

We offer benefits such as sick and paid leave, medical insurance, a 401(k)-contribution matching program, and team member assistance programs dedicated to the mental, physical, emotional, and financial well-being of our team members. All store team members are eligible for a quarterly bonus, which is unique in food retail. In 2021, all team members were eligible for maternity/paternity leave and received semi-annual reviews and merit increases.



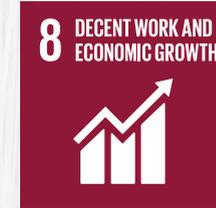
**We pay an average of \$18.42 an hour to our store team members**



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

All our team members, both current and former, have access to our Team Member Relations Department, which independently responds to and investigates issues arising between team members and Sprouts. We have both a Human Resources Support desk and third-party managed ethics helplines where team members may report any concerns. Our managers are trained in performance management and team member relations processes, and we have a Store Manager Council whereby store leaders can bring questions and concerns to leadership. This council 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 work stoppage. We are proud of our team members' dedication to meeting our customers' needs and expectations.



**\$5.8M** in COVID supplemental sick pay and vaccination reimbursement

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**\$1.9M** in recognition awards redeemed for in-store credit

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**\$345K** in store awards and prizes distributed to high achieving stores and team members

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**\$17.4M** in store discounts for our team members

# TEAM MEMBER SAFETY

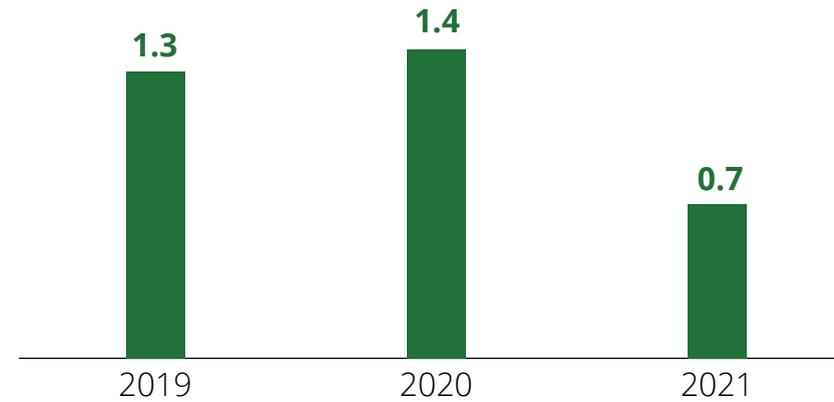
We are committed to maintaining a safe environment for our team members and customers. In addition to the COVID-19 safety protocols, we have multiple programs to reduce and eliminate hazards at our stores, resulting in a safer workplace and improved shopping experience.

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. These responsibilities include:

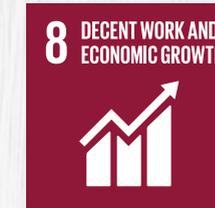
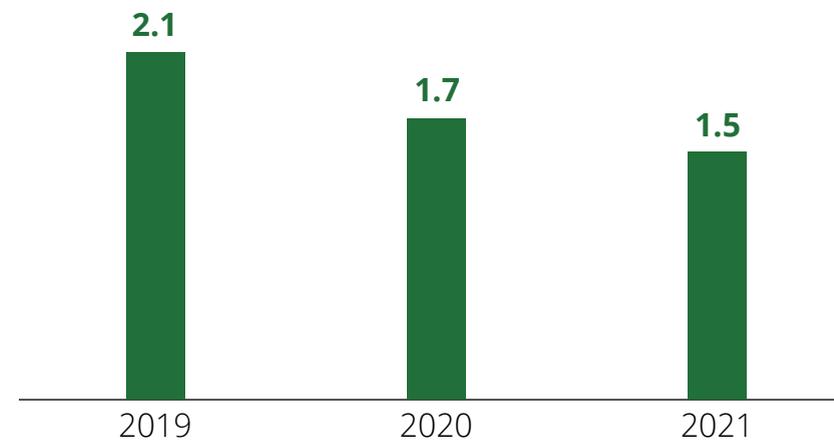
- Executing the safety program covering hazards basic to all types of employment and those unique to each team member’s job assignment.
- Reporting, correcting, and documenting unsafe and unhealthy work practices in a timely manner.
- Keeping records of all team member training, corrections of unsafe conditions, dates, and results of workplace inspections.

We’re proud of the efforts of our team members to create a safe and healthy environment for each other and our customers.

## Lost Day Rate (OSHA Lost Time Rate/100 FTE)



## Workers’ Safety Claims per \$1M in Payroll



**22%** reduction in total worker safety claims

**5,180** safety audits completed

**21,000** safety training hours delivered

# COMMUNITY

**Giving back to the communities where our team members live, work, and play has always been one of our top priorities. Through our in-kind donations, nonprofit partner grants, and volunteer opportunities, we are able to impact thousands of our community members each year with healthy food and culinary programs.**

The Sprouts Healthy Communities Foundation is a registered 501(c)(3) nonprofit focused on promoting nutrition education and increasing access to healthy food in the communities in which we operate. Since its inception, the Foundation has awarded \$15M to more than 380 local nonprofits.



## SPROUTS HEALTHY COMMUNITIES FOUNDATION

Committed to developing school garden organizations and community-based food systems, the Foundation supports multi-year capacity building and infrastructure projects with key nonprofit partners.

Knowing the importance of “learning by doing,” the Foundation prioritizes programs that offer a hands-on component. Teaching children to grow vegetables or helping teens run a youth farm stand, these programs are teaching young people skills that will last a lifetime. A total of 15 nonprofit partners in 2021 offered youth apprenticeship opportunities while 97% of the Foundation’s partners use hands-on learning in their programs.

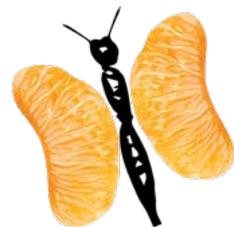
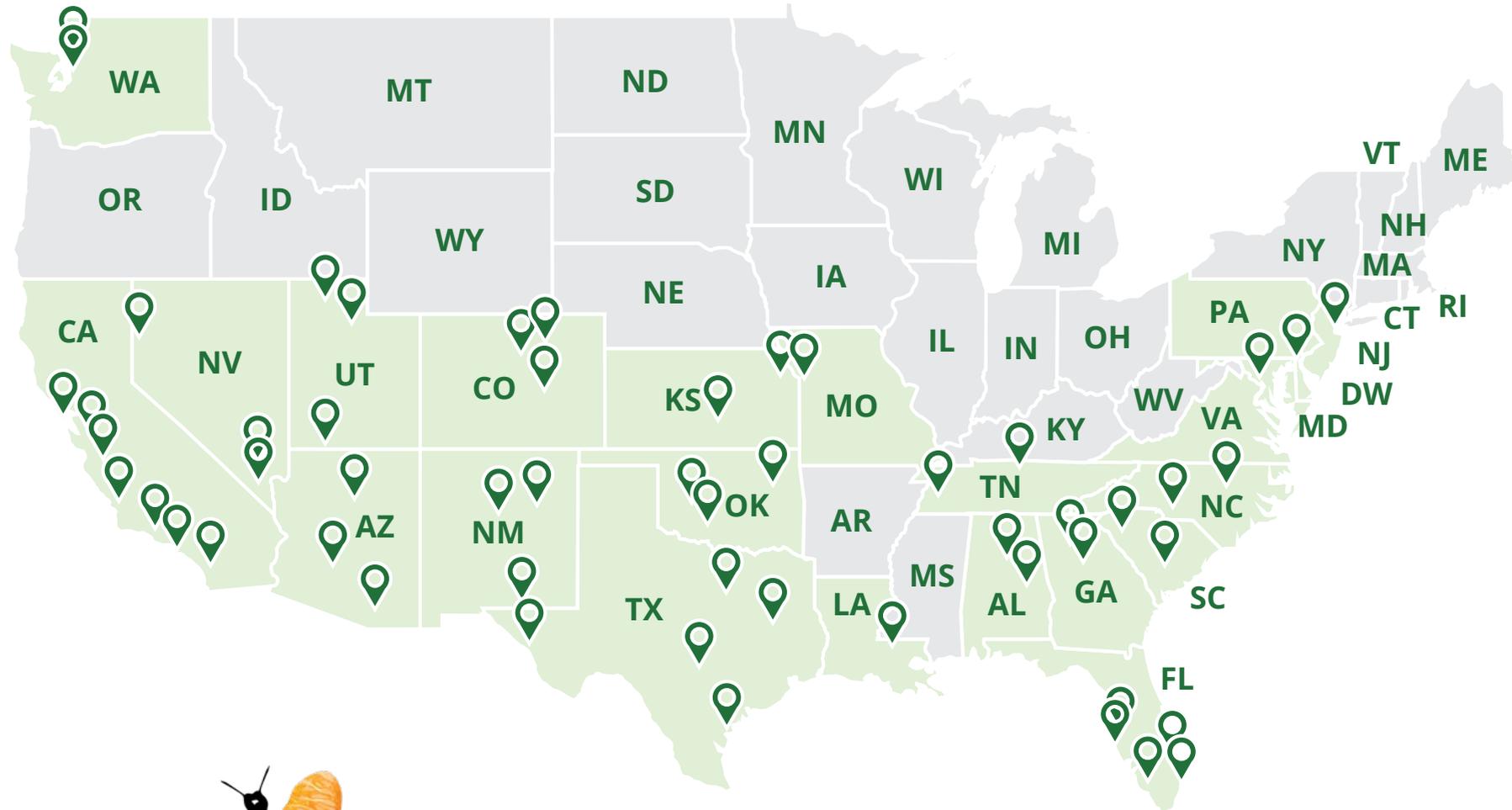
**In 2021, the Sprouts Healthy Communities Foundation awarded \$3M in grants and donations.**

**900,000 K-12 students received nutrition education supported by Sprouts since 2015.**



In January 2021, Sprouts partnered with Angel City Football Club (ACFC) as the team’s founding back-of-jersey sponsor, marking our company’s first commitment to women’s professional soccer and enhancing our support of the broader Los Angeles community. Through the sponsorship, Sprouts and ACFC are allocating a portion of funds to support local causes that provide fresh food access and further children’s nutrition education throughout the City of Angels.

# LOCAL COMMUNITY IMPACT ON A NATIONAL SCALE



**120** local non-profit partners supported in the communities we serve



# GOVERNANCE

We pride ourselves on operating with integrity, accountability, and transparency. Our ESG goals and initiatives are integrated throughout our business strategy, and strong oversight by our executive leadership team and Board of Directors ensures that the long-term interests of our stakeholders are factored into our decision making. We hope this report on our ESG progress demonstrates our commitment to continuous improvement.

- 34 Corporate Governance
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- 38 Risk Management
- 39 Data Privacy and Cybersecurity



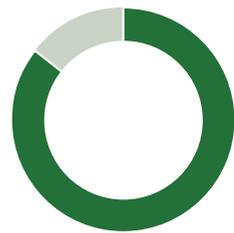
# CORPORATE GOVERNANCE

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

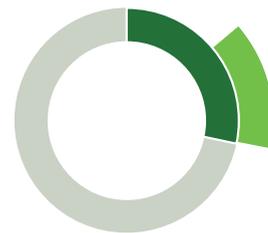
Our Board is composed of deeply experienced corporate leaders with diverse backgrounds and balanced, complementary skill sets. Our current Board leadership structure separates the Chief Executive Officer and Chairman of the Board roles. We believe our Board composition ensures independent viewpoints in the oversight of our business and our leadership structure approximately allocates responsibility between our Board members and management.

The Board has four standing committees that help with its oversight responsibilities: Audit, Compensation, Nominating and Corporate Governance, and Risk. Each committee is composed entirely of independent directors and performs the duties as summarized in our [Proxy Statement](#).

When evaluating director candidates, our board aims to foster diversity of thought and experience. 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 based on 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.



**86%** Independent<sup>(1)</sup>

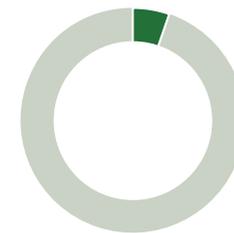


**29%** Female<sup>(1)</sup>

**14%** Ethnically diverse<sup>(1)</sup>

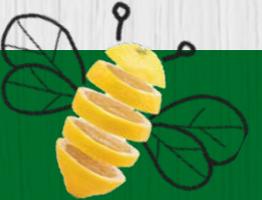


**61.7** Average Age



**5.3 YEARS**  
Average Tenure

<sup>(1)</sup> As of January 2, 2022



# SUSTAINABLE FINANCE

In March 2022, we replaced our credit facility with a new \$700 million revolving credit facility and worked with our lenders to establish an adjustable interest rate linked to our performance against key ESG metrics, comprised of Board diversity and sales of products with environmental and social sustainability attributes. When we achieve these ESG targets, we will receive a five basis point reduction on our interest rate on drawn amounts and one basis point reduction on unused amounts, resulting in tangible savings for our company. We believe this sustainably linked credit facility represents an important alignment of our financing strategy and ESG goals and delivers positive outcomes for all our stakeholders. We will report on our progress against these ESG goals going forward.

.....

Terri Funk Graham and Kristen Blum served as director coaches for 50/50 Women on Boards™, the leading global education and advocacy campaign driving the movement toward gender balance and diversity on corporate boards.

## ESG CONSIDERATIONS IN COMPENSATION

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.

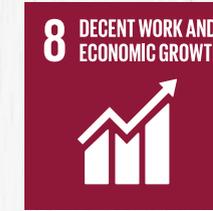
Our mix of compensation, including long-term equity performance awards and an annual performance-based cash bonus program tied to company financial and operational metrics, closely links executive officer compensation to company performance.

ESG factors are embedded into our company's long-term strategy, and our Board considers the performance of our executive leadership responsible for driving the success of our strategic initiatives when making compensation decisions.

As an example, our strategy of creating an advantaged fresh supply chain involves successfully operating our produce distribution and fresh supply chain to increase access to local farmers and provide fresher produce for our customers, which reduces food waste and lowers our transportation-related carbon footprint.

Our initiative of winning with our health enthusiast and innovation seeker target customers demands sustainable and responsible sourcing practices which support effective merchandising strategies that appeal to those target customers. Another key initiative is delivering on our rapid unit growth which requires attracting and retaining talent by creating a safe, rewarding, diverse, and inclusive place to work for our team members.

Our executive leadership responsible for these initiatives are evaluated and compensated based, in part, on the success of these initiatives. The Compensation Committee of our Board will continue to explore mechanisms for incorporating appropriate ESG metrics into our executive compensation program.



### Waste diversion efforts and store safety conditions factor into our store manager bonus opportunity



## ESG LEADERSHIP AND OVERSIGHT

ESG leadership at Sprouts begins with our Board and executive leadership team. The Nominating and Governance Committee specifically oversees our Company's ESG matters and regularly reviews our governance structure and documents. Our Risk Committee monitors our risk profile for exposure to and mitigation strategy for risks related to ESG matters, including risks related to climate change. Our Chief Legal Officer reports to our Board about our ESG efforts and ESG-related risks semi-annually. ESG is built into our long-term strategy 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.

Our Sustainability team reports directly to our Sprouts Chief Legal Officer, who is part of our executive leadership team, ensuring executive visibility to our ESG progress. The Sustainability team embeds ESG initiatives into our daily activities and meets periodically with internal stakeholders such as Operations, New Store Development, Supply Chain, Marketing, and Merchandising.

As a publicly traded company, Sprouts is committed to creating 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 important to them. These discussions are then reported to our Board and suggestions are implemented, including incorporating shareholder suggestions into this ESG report.

Our Board of Directors oversees ESG-related matters and receives regular updates from the executive leadership team on our progress against our ESG initiatives.

We conduct ESG outreach efforts to our major shareholders on an annual basis to report on our progress and engage on their priority ESG issues; in 2021, shareholders representing over 23% of our outstanding shares accepted our invitation to speak on ESG matters.



# ETHICS AND COMPLIANCE

**Our success depends upon conducting ourselves with integrity, honesty, and in compliance with the law. The Sprouts Code of Conduct and Ethics (the Code) reflects this commitment and provides the Board, executive leadership, and team members with the tools and guidance to work ethically and responsibly. Acting ethically and with integrity helps us maintain our reputation with our customers as a preferred shopping destination, with our team members as a safe and welcoming 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, customers, vendors, or 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. Our Chief Executive Officer and senior financial officers 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 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 Helpline](#).

Team members are encouraged to report any ethical concerns to management. Anonymous concerns may be reported to our third-party managed ethics helpline: 1-855-748-5773 or [speakoutsprouts.ethicspoint.com](http://speakoutsprouts.ethicspoint.com)



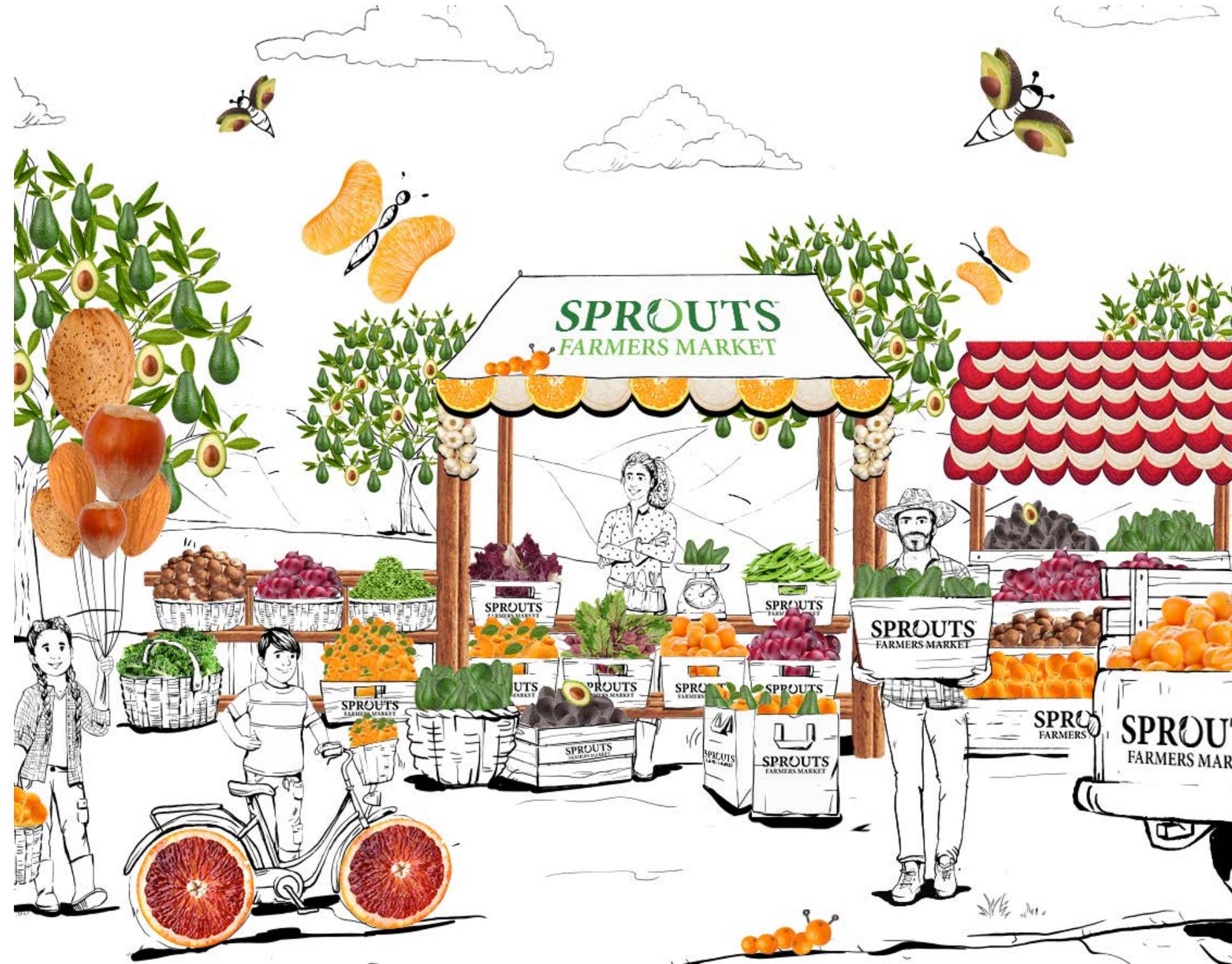
# RISK MANAGEMENT

**Sprouts’ robust enterprise risk management (ERM) program involves 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. 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.**

Our Board’s Risk Committee, formed in 2021, oversees our risk management processes, including reviewing the ERM program and specific risks we face on a quarterly basis (including those related to cybersecurity, critical systems, and ESG matters, among others). It then 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. Our Board receives regular updates on our ERM program and retains oversight responsibility over our key strategic risks.

During 2021, our full Board continued to oversee efforts to identify, prioritize, and mitigate the risks we faced related to the COVID-19 pandemic. We believe this division of responsibilities is an effective approach for addressing the risks we face.



# DATA PRIVACY AND CYBERSECURITY

**Respecting privacy and safeguarding the personal information of our customers and team members is crucial to our success.**

We rely on information technology systems for point-of-sale processing in our stores, supply chain, financial reporting, human resources, store operations, and various other processes and transactions. We continuously invest in security protocols and best practices to strengthen security, and we maintain an appropriate cyber insurance coverage. Investments in security technology tools include robust email filtration, endpoint protection, data loss prevention, and business continuity and recovery technologies.

The Risk Committee of our Board, led by Kristen Blum, an expert in cybersecurity, technology functional leadership, and digital transformation, oversees management's mitigation of cyber risks and data privacy efforts. The Risk Committee monitors our risk profile and our ongoing potential exposure to risks of various types, including risks

related to cybersecurity and critical systems. All full-time and part-time team members as well as contractors are required to complete Security Awareness Training upon hire and annually. Additionally, Sprouts' security posture is measured periodically against the NIST Cybersecurity Framework by a third-party performance measurement audit.

Additional details that explain how we collect, protect, use, and disclose personal information can be found on our [Privacy Policy](#) webpage, which is updated frequently to align with applicable data privacy laws and industry best practices.

Additional information on our governance efforts can be found on our investor relations website, located at [investors.sprouts.com](#), including our Board committee charters, code of ethics, and other governance documents, as well as our public filings with the Securities and Exchange Commission, including our 2021 Annual Report on Form 10-K and 2022 Proxy Statement.



No cybersecurity or data privacy events in 2021

Established senior level management role responsible for cybersecurity

Formed Risk Committee of our Board to oversee enterprise risk management



# 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 4, 2021 through January 2, 2022. 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.



Topic	Accounting Metric	Category	Unit Of Measure	Code	2021 Response
Fleet Fuel Management	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-FR-110a.1	23,856,370 GJ related to outbound deliveries of product to stores, 0% renewable
Air Emissions from Refrigeration	Gross global Scope 1 emissions from refrigerants	Quantitative	Metric tons CO <sub>2</sub> -e	FB-FR-110b.1	68,930 MTCO <sub>2</sub> e
Air Emissions from Refrigeration	Percentage of refrigerants consumed with zero ozone depleting potential	Quantitative	Percentage (%) by weight	FB-FR-110b.2	99%
Air Emissions from Refrigeration	Average refrigerant emissions rate	Quantitative	Percentage (%)	FB-FR-110b.3	15%
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable energy	Quantitative	Gigajoules (GJ), Percentage (%)	FB-FR-130a.1	(1) 1,149,684 GJ (2) 100% grid electricity (3) 0% renewable energy
Food Waste Management	Amount of food waste generated, percentage diverted from the waste stream	Quantitative	Metric tons (t), Percentage (%)	FB-FR-150a.1	39,546 t 78% diverted from the waste stream
Data Security	(1) Number of data security breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Quantitative	Number, Percentage (%)	FB-FR-230a.1	Zero data breaches
Data Security	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FB-FR-230a.2	(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 in 2021 ESG Report pg. 39
Food Safety	High-risk food safety violation rate	Quantitative	Rate	FB-FR-250a.1	(1) 241 out of 1,423 inspections had a high-risk food safety violation (2) 17% high-risk food safety violation rate

Topic	Accounting Metric	Category	Unit Of Measure	Code	2021 Response
Food Safety	(1) Number of recalls, (2) number of units recalled, (3) percentage for private-label products	Quantitative	Number, Percentage (%)	FB-FR-250a.2	(1) 8 class 1 food safety related recalls (2) 28,623 class 1 food safety recall units and 52 cases (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	Quantitative	U.S. Dollars (\$)	FB-FR-260a.1	\$3,110,000,000 in revenue from products labeled and marketed to promote health and nutrition attributes
Product Health & Nutrition	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Discussion and Analysis	n/a	FB-FR-260a.2	(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 in 2021 ESG Report pg. 22
Product Labeling & Marketing	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	Quantitative	Number	FB-FR-270a.1	None
Product Labeling & Marketing	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	Quantitative	U.S. Dollars (\$)	FB-FR-270a.2	None
Product Labeling & Marketing	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	U.S. Dollars (\$)	FB-FR-270a.3	(2) \$1,872,850,687 in revenue of products labeled as non-GMO
Labor Practices	(1) Average hourly wage and (2) percentage of in-store and distribution centers employees earning minimum wage, by region	Quantitative	U.S. Dollars (\$), Percentage (%)	FB-FR-310a.1	(1) \$18.42 (2) 1.8%
Labor Practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	FB-FR-310a.2	0%

Topic	Accounting Metric	Category	Unit Of Measure	Code	2021 Response
Labor Practices	(1) Number of work stoppages and (2) total days idle	Quantitative	Number, Days	FB-FR-310a.3	(1) Zero work stoppages, (2) Zero days idle
Labor Practices	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	Quantitative	U.S. Dollars (\$)	FB-FR-310a.4	Not disclosed
Management of Environmental & Social Impacts in the Supply Chain	Revenue from products third-party certified to environmental or social sustainability sourcing standard	Quantitative	U.S. Dollars (\$)	FB-FR-430a.1	\$2,712,101,000 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 revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation-crates	Quantitative	Percentage (%) by revenue	FB-FR-430a.2	(1) 100% of eggs sold were from cage-free or better facilities as of November 2021 (2) 100% of Sprouts brand Butcher Shop pork was sourced from group-housed facilities
Management of Environmental & Social Impacts in the Supply Chain	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Discussion and Analysis	n/a	FB-FR-430a.3	(1) Sprouts conducts a variety of supply chain audits annually for supplier social and environmental performance. (2) See 2021 ESG Report Sustainable Sourcing section beginning on pg. 16 and Responsible Sourcing section beginning on pg. 24
Management of Environmental & Social Impacts in the Supply Chain	Description of strategies to reduce the environmental impact of packaging	Discussion and Analysis	n/a	FB-FR-430a.4	See Packaging & Plastics section in 2021 ESG Report pg. 20

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