

A photograph of an avocado tree with several green avocados hanging from the branches. The sun is shining through the leaves on the right side, creating a bright sunburst effect. The overall scene is lush and green.

SPROUTS®  
FARMERS MARKET

# 2023 IMPACT REPORT





## DEAR STAKEHOLDERS,

The Sprouts story began at a small fruit stand in Southern California in 1943. A man named Henry Boney would visit farmers markets across the region and bring a bounty of fresh produce back to his community in San Diego.

When Henry opened his first store – small and easy to shop – he put produce in the center, he sourced unique items from local vendors that couldn't be found at any other grocer, and curated a vitamin and supplement department that filled a need in his community for wellness products. This blueprint was visionary.

When Shon Boney, Henry's grandson, founded Sprouts in 2002, he rooted the business in a legacy of providing access to fresh, healthy, innovative products and doing things differently than anyone else. That heritage runs deep throughout our company today, 80 years later.

Since joining Sprouts in 2019, I've been consistently moved by the commitment and passion our team members have for what makes Sprouts special. They care about what products we sell and where

those products come from. They treat the business like it's their own, always looking for new ways to do things, new ways to be different. They work hard every day to help our customers and make a positive impact on the communities we serve.

In 2023, for the first time in our company's history, we attempted to put into words that special feeling, that distinctive motivation, that extraordinary "why" behind the energy that has propelled our business and made it so unique for so long. For the first time, we wrote down what is in our DNA, we wrote down our purpose:

### **To help people live and eat better.**

Simple. Straightforward. Real. Exactly who we are and what we do.

In this report, you'll read about some of the ways our 32,000 team members make our purpose come alive every day. We're sourcing more innovative products that are healthy, attribute-based, and have a lower environmental impact and higher societal benefit.



We're reducing waste and donating more meals to those in need than any year in our company's history. And we're making meaningful strides in fostering our culture of caring and inclusion while also investing heavily in team members development and well-being.

We are all stewards of Sprouts for a short while. I am incredibly proud of the work the teams across the business are doing to further our purpose of helping people live and eat better, and I hope you find that this report reflects the care our team members have for one another, our customers and communities, our suppliers, and our planet.

**Jack Sinclair**  
Chief Executive Officer



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This Impact Report (this Report) contains information about Sprouts’ Environmental, Social and Governance (ESG) strategy and performance. In addition to the information found in this Report and on [sprouts.com](https://www.sprouts.com), we externally report on our sustainability strategy, programs and progress toward our goals in Sprouts’ [Annual Report on Form 10-K](#), and [Proxy Statement](#). All financial figures indicated in this Report are in U.S. dollars, unless otherwise noted.

This Report contains “forward-looking statements” that reflect our current views about future events and involve known risks and uncertainties that may cause our actual results to be materially different from those expressed by the forward-looking statements. Unless otherwise indicated, information included in this Report is as of our 2023 fiscal year ended December 31, 2023. All references to “Sprouts” in this Report are to Sprouts Farmers Market, Inc., a Delaware corporation, and its consolidated subsidiaries.

Cover photo: Eco Farms provides Sprouts with healthy and nutritious California grown avocados.



**Blueberry plants at Wish Farms, our local blueberry supplier in Florida**



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Sprouts Healthy Communities Foundation garden workshop at Manzo Elementary School in Tucson, AZ



# OUR STORY

We're one of the largest and fastest growing natural and organic specialty grocers in the country, providing the communities we serve access to healthy, innovative products in an easy to shop small-store format. Our purpose-driven people are passionate about helping our customers discover wholesome, innovative products made with lifestyle-friendly ingredients such as organic, plant-based, and gluten-free. Headquartered in Phoenix, Arizona, we employ 32,000 team members and operate more than 400 stores in 23 states nationwide.

“

*I love having Sprouts near my home. It's convenient, has fresh organic produce and unique items I can't find anywhere else. It has a small town feel and I love that!*

”

Lynn H.  
Colorado Springs, CO



## 2023 HIGHLIGHTS





# OUR PURPOSE & VALUES

We believe the most successful and impactful companies are motivated not solely by profits, but by improving lives and the planet we all share. Our purpose at Sprouts, the reason we exist, is to help people live and eat better. Our 32,000 team members work every day to bring our Purpose to life by providing access to healthy food and wellness products with clean ingredients that are sourced responsibly. We consistently seek to operate our business with the goal of minimizing our impact on the environment by improving the soil, advancing animal welfare practices, and ensuring fair and proper treatment of workers in our supply chain. These efforts are designed to improve the lives of people in our communities. We are not perfect, but we are getting better every day.

Our values were created with input from team members across the company and these values guide the decisions we make and create a culture of inclusion and belonging.



## 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.

“

*Sprouts is my go to store for organic produce, grass-fed beef, and pasture-raised eggs. If I need help with an item, there's always a friendly team member willing to assist. I'm grateful you are here!*

”

Alexia H.  
Naples, FL

# OUR LONG-TERM GROWTH STRATEGY



## Inspire & Engage our Talent to Create a Best Place to Work

Developing our culture of caring and inclusion with diverse talent and rewards

**\$19.68/HR**

average pay rate for store team members

**75%**

of promotions were from female and/or racially/ethnically diverse team members

**815K**

training hours completed

## Winning with our Target Customers

Encouraging healthy living and wellness through innovative products and supplier partnerships that are better for the environment

**\$3.3B**

in sales of products with a social or environmental attribute

**\$100M**

in sales of products from diverse, minority, and women-owned suppliers

**3M**

students participating in school garden education programs supported by the Sprouts Healthy Communities Foundation

## Updated Format and Expand in Select Markets

Smaller format with less carbon intensive operations, taking advantage of infill expansion efficiencies

**25%**

carbon emissions reduction target per square foot by 2033

**30**

new stores opened in our smaller more efficient format

**10**

locations retrofitted with lower global warming potential refrigeration

## Create an Advantaged Fresh Supply Chain

Increasing freshness, reducing food waste, and lowering transportation miles

**80%**

of our stores are within 250 miles of a distribution center

**120M**

pounds of recyclables recovered through our reverse logistics program

**170**

local farmer relationships

## Refined Brand and Marketing Approach

Digital forward strategy customized to our customers' dietary and lifestyle preferences reduces carbon footprint

**26M**

followers across all social platforms

**\$1.3B**

in Sprouts Brand sales delivering on health, quality, innovation, and sustainability

**19%**

of transactions linked to a Sprouts account





# MATERIALITY

In 2023, we worked with a third-party ESG advisor to engage with our various stakeholders to understand what areas they believe are material to our business. The stakeholder groups included Sprouts leadership and Board of Directors, team members, customers, investors, suppliers, non-governmental organizations, sustainability professionals, and academics. Our approach to assessing materiality also consisted of benchmarking peers, and leading ESG ratings systems and frameworks such as SASB, MSCI, ISS ESG, and Sustainalytics. In total, more than 150 metrics were evaluated and 15 key areas were of most importance to our stakeholders. We have categorized these topics into three groups to be transparent with our stakeholders about where we plan to prioritize investing our resources.



## CORE TO SPROUTS

Foundational areas at the heart of what we do – non-negotiables – and governance items required for a responsible business.

- Food Quality & Safety
- Healthy Food & Transparency
- Ethics & Integrity
- Board Composition & Independence
- Data Privacy & Security
- Board Oversight of ESG

## PRIMARY AREAS OF FOCUS

Actively invest and drive excellence with intentionality.

- Sustainable & Responsible Sourcing
- Team Member Engagement & Retention
- Team Member Recruitment, Training, & Development
- Diversity, Equity, & Inclusion
- Community Engagement

## OTHER KEY FOCUS AREAS

Continue to address and make progress over time.

- Waste Management
- Climate Change & GHG Emissions
- Energy Management & Usage
- Water Management

*“ I visited my local Sprouts store and received excellent help from a gentleman named Michael who was working in the bulk section. I had come from a vision appointment and had my eyes dilated, so I wasn't seeing clearly. Michael assisted me with several products and labeled them for me. He even offered to help me out with the groceries. He was super kind, as well as knowledgeable, and I was very appreciative! Please pass along my praise. ”*

Peggy T.  
Brandon, FL



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**Bates County Produce in Rich Hill, Missouri, grows watermelons naturally without the use of motorized equipment or electricity.**



# HEALTH & WELLNESS

Our target customers are mindful of and connected to the food they eat, how it makes them feel, how it's grown or raised, how it's processed and where it comes from. We take great care in curating an assortment that meets their different preferences, needs, and lifestyles – whether it's locally sourced produce, gluten-free cereal, grass-fed beef, oat milk yogurt, wild caught fish, humanely raised chicken, seaweed-based face cream, or collagen powder coffee creamer. Our customers do research and look for inspiration. We are proud to be on the forefront of healthy and sustainable food innovation and to continue paving the way for natural food trends that support our customers on their well-being journey.



**\$2.3B**  
in sales of products  
with a health or  
nutrition attribute

**19%**  
of total sales from  
healthy fruits and  
vegetables

**4,000**  
vitamins and other  
wellness supplements  
to support health &  
well-being



“  
*Sprouts is my go-to grocery store for accessible wholesome and healthy products. As someone who loves fresh, local, and organic goods, I love the variety!*  
”

Theresa H.  
Denver, CO



# INNOVATION

Being a leader in natural and healthy product innovation is not only part of our strategy, it's part of our DNA. Our supremely talented merchant Foraging team constantly scans the globe for new, innovative, and differentiated attribute-driven products that appeal to our target customers. We pride ourselves in our ability to help entrepreneurial businesses get their products from kitchen to shelf. Our stores have dedicated "innovation centers" that highlight a rotating selection of trending products and new brands creating a treasure hunt for our customers. Our approach helps small businesses get the opportunity and experience to advance to national distribution. Customers can typically find 120 new items in our innovation centers at any given time. About 25% of those products moved to our grocery shelves.

**740**  
items launched  
through our  
innovation  
center



“

*I bought the red velvet Southern Roots cake donuts at Sprouts. Words cannot express how amazing these are! Thank you for carrying this product—otherwise, I would have never discovered this brand.*

”

**April W.**  
Fort Worth, TX

**180**  
innovation center  
items expanded  
to our grocery  
shelves



**Southern Roots  
Vegan Bakery**

- ✓ black-owned
- ✓ small-business
- ✓ plant-based



**Pricklee  
Cactus Water**

- ✓ antioxidant rich
- ✓ drought-tolerant ingredients



**Meati Mushroom Root  
Carne Asada Steaks**

- ✓ plant-based
- ✓ high-fiber
- ✓ low-fat



# SPROUTS BRAND

Our philosophy behind the Sprouts Brand is to elevate the everyday with a broad assortment of products that are fun to explore; differentiated; offer incredible taste, quality, value, and experience; and are only available at Sprouts.

We offer an array of attribute-specific products sourced sustainably and ethically, and ensure that our Sprouts Brand does not contain any of over 150 ingredients of concern. Examples include artificial colors, flavors, preservatives, and many other chemical ingredients. Our teams review science-based data to establish high ingredient standards and work with our vendors and Sprouts Brand manufacturers to ensure our requirements are met.

As part of our Sprouts Brand commitment to biodiversity we do not allow for bioengineered ingredients in our products and are committed to only sourcing Roundtable on Sustainable Palm Oil certified palm oil or equivalent in our products.

**\$1.3B**

in Sprouts Brand sales

**400+**

new Sprouts Brand products launched

**30%**

organic sales penetration in Sprouts Brand products

“I wanted to tell you how much I LOVE your Sprouts Organic Herb Seasoned Stuffing that comes out for Thanksgiving and Christmas. This is hands down one of the best stuffings I've ever had. It's fantastic!!!”

Susan W.  
Mill Creek, WA





# RESPONSIBLE SOURCING

Conventional agriculture is heavily dependent upon chemical inputs and practices that can have a negative impact on biodiversity.

According to the United Nations, there could be as few as 60 years worth of topsoil harvests remaining, which means, avoiding soil degradation is no longer enough — we must do all we can to regenerate soil. We support products and brands that are grown and sourced in ways that protect biodiversity in nature and support a balanced ecosystem. By offering customers grass-fed meat and dairy, and a wide variety of organic, regenerative, and non-GMO products, we are contributing to a more sustainable food system.



Five Crowns is a fourth-generation, family-owned farm located in Imperial and Coachella Valley, California, growing a variety of melons like cantaloupe, hami, and honeydew.

4,000+  
organic items  
storewide

41%  
of total produce  
sold was  
organic

## ORGANIC

Offering access to organic products to our customers has been a priority for Sprouts since the beginning. Organic products are produced without synthetic pesticides or herbicides and are free from GMOs. We seek to promote and expand our organic offerings to help shift demand to more sustainable agricultural.



“ I love having Sprouts near my home. As someone who juices fruits and vegetables daily, access to a wide variety of organic produce is important to me. ”

Shelby C.  
Alhambra, CA



## REGENERATIVE

Regenerative agriculture is a systems-based approach to farming that builds soil, increases biodiversity, and respects workers and animals on farm. Some regenerative practices include rotating and alternating crops, beneficial plantings, no-till soil management, integrating livestock and cover crops, and minimizing chemical inputs. We partner with many innovative vendors and growers who employ regenerative practices.



TrueHarvest Farms in Belton, TX grows hydroponic leafy greens that use significantly less land and water in the production process.

“ I shop at Sprouts for the quality of the products, especially the meat and eggs. Please keep sourcing regeneratively farmed animal products and grass-fed beef. ”

Mike S.  
Frisco, TX



Richards Regenerative cattle are born and raised on family ranches and are Ecological Outcome Verified by the Savory Institute.

## WATER

To address water risk in our supply chain, we’ve engaged with key suppliers to mitigate against water scarcity by investing in more efficient water distribution methods such as drip irrigation, controlled environment agriculture (CEA), cultivating more drought tolerant varieties of plants, and exploring alternative growing regions. We source our produce from a geographically diverse network of farmers so we are not dependent on a single growing region in the event of a severe or prolonged localized water shortage.





## LOCAL FARMS

Our long-term strategy involves increasing our local product offering. Sourcing products locally is preferred by our target customers, lowers greenhouse gas emissions, supports small growers and local economies, and diversifies our supplier base.

Lack of distribution opportunities is often a barrier small farmers face in growing their businesses. Whether due to minimum volume requirements or lack of relationships with large distributors, getting their product onto grocery store shelves can often be an insurmountable task. We seek to partner with our local farmers to find solutions to getting their products into our stores. In several markets we're utilizing our internal transportation network to directly pick up produce from our local farmer partners, maximizing the efficiency of our routes and reducing transportation miles. More than 2,500 loads of local produce were picked up through our internal transportation network in 2023.



“  
*Trying to shop local is not easy. I appreciate the effort by Sprouts to make locally sourced items easier to find. That blue local tag is one of the first things I look for and is easy to see.*  
”

Julie L.  
Scottsdale, AZ

**\$225M**  
in sales of produce sourced from 170 local and regional farmers



Silver Canyon Citrus is a fourth-generation family farm located in Arizona specializing in citrus. The warm days and cool Arizona winter nights create a perfect atmosphere to generate just the right amount of sugar and acidity in their organic lemons.



# PLANT-BASED

Many of our customers incorporate plant-based eating into their lifestyle. A plant-based diet is nutrient dense and provides essential vitamins, minerals, fiber, and plant-based protein.

Plant-based products also lower greenhouse gas emissions and improve land use while minimizing soil, air, and water pollution as compared to animal-based agriculture. We are always on the hunt for the newest, most innovative plant-based and vegan products, and we make it easy to spot which items are plant-based with convenient in-store messaging. We are also a destination for innovative seafood alternatives from plant-based fish fillets, fish sticks, and tuna which is an emerging category that helps relieve pressure on our oceans.



“ I began eating vegan a few months ago and found that Sprouts has such a great variety of options. You make it easy for me to find what I need, and I'm always finding new vegan products to try. ”

Tara M.  
Marlton, NJ





## ANIMAL CARE

Ensuring the physical, behavioral, and mental well-being of farm animals throughout our supply chain is the right thing to do. Responsible animal welfare is also important to our target customers and our business strategy. As part of our efforts to responsibly source meat and dairy products, 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 farm and in their processing facilities to ensure the Five Freedoms of animal welfare are being met.

*“ I love that Sprouts carries the animal welfare certified meat and dairy products that I buy for my family. ”*

Stacey C.  
Nashville, TN

## LAYING HENS

Improving the lives of laying hens on farm is a top priority for Sprouts. 100% of our eggs are sourced from cage free, organic, free-range, or pasture-raised production systems. Our goal is to continue expanding our sourcing from higher welfare free-range and pasture-raised egg production systems.

**67%**  
of egg sales were  
higher welfare  
free-range or  
pasture-raised  
eggs

Sprouts' pasture-raised eggs enjoy room to roam and forage



## SPROUTS ORGANIC CHICKEN

Sprouts' organic chicken is Global Animal Partnership Level 3 Certified, which means they have more space to access to the outdoors, and environmental enrichments to exhibit natural behaviors.

## CHICKEN

We've made progress within our chicken supply chain to improve the lives of millions of chickens on farm and have created a roadmap for continuous improvement. Our goals to improve chicken welfare are aligned with components of the Better Chicken Commitment.

We are committed to improving chicken welfare via environmental enrichments by the end of 2024, reduced stocking density by the end of 2025, and more humane processing through controlled atmosphere stunning by the end of 2026.

We also recognize the welfare issues experienced by conventional breeds of chickens raised for meat production and will continue to look for ways to adopt higher-welfare breeds in our supply chain. We continue to test slow-growth breed chicken in our stores.



## BEEF

We encourage sourcing of higher welfare beef including organic and grass-fed. In 2023, nearly 70% of our beef was from organic and grass-fed farms. Sourced from the USA, our beef is vegetarian-fed and raised without added hormones or antibiotics.

We understand that cattle can play a role to help regenerate soil and improve biodiversity. We are developing partnerships to source more sustainable beef from local ranchers who incorporate regenerative agricultural practices. To learn more about how Sprouts is supporting regenerative beef, please visit <https://www.sprouts.com/healthy-living/regenerative-agriculture-organic-beef/>.

## PORK

Most conventionally raised pigs for meat consumption are raised with the use of gestation crates that significantly limit the sow's ability to move or exhibit natural behaviors. We have set a goal to source 75% of whole and processed pork sold in our meat department from group-housed or gestation-crate free housing systems by the end of 2024 and reach 100% by the end of 2025. Moving to a gestation crate free supply over time is our ultimate goal.



*“ I shop at Sprouts for the quality of the products, especially the meat and eggs. Please keep sourcing regeneratively farmed animal products and grass-fed beef. ”*

**Mike S.**  
Frisco, TX





## RESPONSIBLE SEAFOOD

The world's oceans and many of its fish species are in jeopardy. Responsibly sourcing seafood allows us to help preserve the integrity of our oceans and the planet by ensuring safe and healthy seafood for future generations.

Our responsibly sourced seafood program 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 Responsible 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.



100%  
responsibly  
sourced  
seafood

“Sprouts has the freshest seafood and the friendliest staff. Whenever I have a question regarding on how to properly prepare and cook seafood, they're very helpful to provide me with guidance. Keep up the great work!”

Martin T.  
Charlotte, NC

## FISHERY IMPROVEMENT PROJECT

In 2020, we partnered with our seafood distributor, importer, and swordfish supplier to implement a fishery improvement project (FIP) based on the Marine Stewardship Council Fisheries Standard to expand the availability of sustainably sourced swordfish in our supply chain. With improved fishery management, the FIP has significantly reduced bycatch of untargeted species. Improved data collection processes have provided better insight into migration patterns and overall health of the fishery.



Swordfish fishing vessel participating in our FIP



## DIVERSE SUPPLIERS

Our innovation-driven foraging strategy lends itself to discovering and supporting minority and women owned businesses and supporting the economic well-being of the communities we serve.

Not only is this the right thing to do, it also builds on our strategy to win with our target customers by providing them with innovative products from exciting brands.



J&C Tropicals, a minority-owned family farm, provides samples of locally grown tropical fruit to customers at our grand opening in Florida.

## FAIR TRADE



Fair Trade is a sustainability certification with social, environmental, and economic standards that assure safe working conditions, improved livelihoods, protection of human rights, environmental protection, and transparent supply chains.

We carry more than 180 Fair Trade products in our stores including coffee, chocolate, tomatoes, limes, coconut water, and seafood.

## CERTIFIED B CORPS



Our B Corp Certified supplier partners have achieved high standards for social and environmental performance, corporate governance, and transparency. Brands that make the effort to become B Corp Certified are often purpose-driven and align to our values. We are proud to support innovative B Corp companies in their commercial journey.



“ I enjoy shopping at Sprouts for the wide variety of local products that support small businesses in my community. ”

Hector A.  
Yuma, AZ



# FOOD QUALITY & SAFETY

Making sure our food is safe and of the highest quality is the most important thing we do. Our team of food safety professionals ensure standards are maintained from farm to table. Our food safety leaders and store teams regularly report to our executive team and Board, and we continually enhance food safety by investing in processes, technology, and training.

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

- Provide our team members with best-in-class food safety training
- Monthly store food safety inspections
- Require supplier compliance with Global Food Safety Initiative standards
- Conduct audits of Sprouts Brand product manufacturers to validate quality and food safety processes
- Robust product recall framework ensuring 100% recovery compliance



“*Sprouts is my favorite place to shop for groceries. Not only are the prices reasonable and the quality of food excellent, but the customer service is the best. One cashier in particular Alexis, has made my shopping experience exceptionally pleasant. Her character is personable and friendly—exactly the type of person representing a company like Sprouts should be that promotes quality food and healthy lifestyle choices.*”

Allan S.  
Alhambra, CA

**19,000+**  
store-level food safety training hours completed

**6,100+**  
food safety in-store inspections conducted

**120**  
supplier food safety audits completed



# THRIVING PLANET

Zero Waste & Circularity ..... 23

Carbon Emissions ..... 27



The R.A.N.C.H. (Regenerative – Agriculture – Nutrition – Climate – Health) Project by Ancient Nutrition operates Regenerative Organic Certified® farms in Tennessee and Missouri that use a holistic approach to grazing and livestock management.



# ZERO WASTE & CIRCULARITY

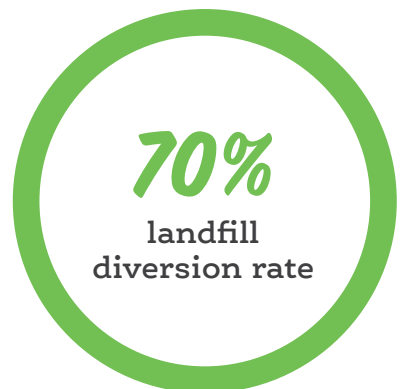
Operating our business and providing food and other products that make people’s lives better inherently involves the generation of waste. It is our responsibility as a conscientious member of the communities we serve to reduce our waste and avoid polluting our environment as much as possible.

Our commitment to becoming a “Zero Waste” company by 2030 is rooted in our core value of Care – care for each other, our customers, and our planet. “Zero Waste,” as defined by TRUE Zero Waste, a 3rd party certification program, means 90% or more of our waste will be diverted from the landfill.

Preventing food waste is one of our biggest priorities. According to ReFED, approximately 33% of food grown in the United States is

wasted, while many Americans struggle to find their next meal. We work with over 400 food rescue organizations from coast to coast distributing much needed fresh, wholesome, and nutrient-dense foods to those in need. We talk about this more under the Healthy Communities section of this report.

Food that is no longer in retail condition and that does not meet our food bank donation guidelines is generally sent to local cattle farms and composting facilities.



Our Rescued Organics program reduces food waste and supports local farmers by bringing to market imperfect organic produce that would otherwise be discarded due to imperfections that do not affect quality.

“  
The most important thing to me as a consumer is to see the reduction of and mitigation of waste, and I think Sprouts is doing a good job in this regard.

”  
**Patricia C.**  
Ellicott City, MD

“  
I really like your "Rescued Organics" section and look there every time I shop. I tend to buy something every time. Good value for quality organic!

”  
**Kimberly L.**  
Albany, CA



## BULK & REUSABLE PACKAGING

Our bulk product offerings provide customers with the opportunity to reduce packaging waste. 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 added convenience.

In 2023, we expanded a reusable milk bottle return program. We partner with suppliers to offer reusable milk containers in our dairy department. Customers place a deposit on a reusable glass milk container and bring it back to our stores where they are collected, cleaned, sanitized, and placed back into production. More than 419,000 glass milk bottles were returned to our stores for reuse.



**419,000**  
glass milk bottles  
were returned  
to our stores  
for reuse



“ I love the variety of bulk items and the fact that you can buy just what you need, preventing wasted food. ”

Tamara D.  
Lawrence, KS



# SPROUTS BRAND PACKAGING

We strive to design our Sprouts Brand packaging in a resource efficient way and reduce waste at the end of life. We work with our suppliers to incorporate 30% recycled content whenever possible, which not only reduces waste but creates a demand and closed loop for recycled materials. We strive for reusable, recyclable, and compostable packaging when possible as well. This is a constant focus for us and an evolution as we continually refresh our Sprouts Brand product design and assortment.

In 2023, we fully transitioned away from non-recyclable polystyrene trays in our meat department to recyclable PET trays. Our Sprouts Brand egg packaging is also free from polystyrene.

**1,200**  
SKUs include  
How2Recycle  
labeling

**8.2M**  
meat trays  
transitioned from  
polystyrene to  
recyclable PET

**100%**  
of eggs packaged  
in recyclable  
fiberboard  
or plastic  
containers



“  
*I love the Sprouts brand products, especially the hummus. They have the staples I need, and unique items I can only find at Sprouts.*  
”

Debra L.  
San Diego, CA





## PLASTIC REDUCTION

In 2023, we eliminated single-use paper and plastic bags from our checkout lanes, shifting to reusable plastic bags made from 40% post-consumer recycled material that can be reused at least 125 times. Customers can return the bags to us for recycling — in 2023, we recycled 1.4 million pounds of soft-plastics.

Customers are encouraged to bring their own reusable bags when shopping and, for customers who need to purchase a bag, our reusable bag options start at \$0.10. This change removes approximately 130 million plastic bags from circulation each year. We eliminated paper bags at checkout as well because they are generally not reusable and most often not recycled (some estimates say 80% of paper bags end up in a landfill). Paper bag manufacturing also has a high environmental cost in terms of water, energy, and raw materials. Our decision to transition to reusable bags will avoid 30 million single-use paper bags annually.



“  
*I love that Sprouts promotes bringing in reusable bags, it makes me more mindful when shopping.*

”  
Andrea B.  
Estero, FL



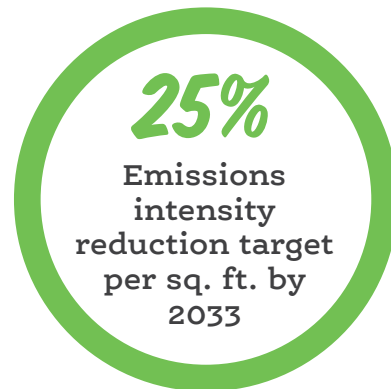
## SOFT-PLASTICS RECYCLING

Plastic shopping bags, produce bags, and shrink film are not widely accepted in residential curbside recycling programs. Customers may return their soft-plastics to our stores where they are used as inputs for manufactured lumber.



# CARBON EMISSIONS

Climate change is one of the greatest challenges facing humankind, and business plays an integral role in taking direct action and driving lasting change. Those in the agriculture and food retail sectors are well positioned to make meaningful contributions in reducing greenhouse gas (GHG) emissions. According to the 2023 report from the Intergovernmental Panel Special Report on Climate Change, between 21-37% of total GHG emissions are attributable to the food system – from land use, storage, transport, packaging, processing, retail, through to consumption.



Taylor Farms grows flavorful lettuce in their fields located in Yuma, AZ.

## EMISSIONS REDUCTION TARGET

Holding ourselves accountable and doing what we say we will do is part of our company's Own It value. In this spirit, we are announcing in this Report our first formal carbon emissions reduction goal. In setting this goal, we worked with a third-party expert to understand our projected emissions growth relating to our store and distribution capacity expansion plans, analyze different reduction scenarios, and outline decarbonization strategies to achieve a meaningful but realistic target. We are pleased to announce a carbon emissions intensity reduction target of 25% per square foot in our stores by 2033, versus a baseline year of 2023. We will continue to report out on our progress.



## DECARBONIZATION APPROACH

Our Scope 1 & 2 emissions come from our use of refrigeration to keep food at temperature and energy consumption to operate our stores and distribution centers. We have focused our carbon reduction efforts in designing and operating our stores in an energy efficient manner, retrofitting where appropriate, reducing use of high global warming potential (GWP) refrigerants and reducing leak rates.



“I'm grateful for my Denver store, it's always bright, clean, and filled with people who seem very happy to be working there. Thanks for being a wonderful part of our neighborhood!”

Christina L.  
Denver, CO



## ENERGY USAGE & INTENSITY

ENERGY SOURCE	2021	2022	2023
Electricity (MWh)	319,357	334,047	353,145
Natural Gas (Dth)	562,526	540,003	616,274
Total Area (1,000 sq. ft.)	11,254	11,446	12,355
Energy Use Intensity (MWh/1,000 sq. ft.)	43.02	43.01	43.20
<b>S1 &amp; S2 Carbon Emissions Intensity (mtCO<sub>2</sub>e/1,000 sq. ft.)</b>	<b>19.24</b>	<b>20.33</b>	<b>21.60</b>

## ENERGY MANAGEMENT & LIGHTING

Each of our stores is connected to a centralized Energy Management System which tracks performance and ensures they are running efficiently. More energy efficient LED lighting is standard in our new store builds, and we are transitioning existing locations to LED lighting to enhance our in-store ambiance and lower our carbon footprint.

## REFRIGERATION

We are taking steps toward lowering our carbon footprint attributable to our in-store refrigeration, including installing CO<sub>2</sub> refrigeration in all new stores in California and gradually transitioning higher GWP refrigerants to lower GWP refrigerants. We are also implementing refrigeration leak detection technology to more quickly and efficiently detect and mitigate fugitive emissions.



## SCOPE 1, 2, AND 3 CARBON EMISSIONS

Calculating our full carbon emissions inventory is an important first step as we identify areas in our value chain to reduce carbon emissions.

Nearly 80% of our emissions are derived from Scope 3.1 Purchased Goods & Services. We are working with a 3rd party climate consultant to identify and prioritize actions to reduce carbon emissions within the products we sell.



## CARBON EMISSIONS INVENTORY

SCOPE	CATEGORY	TOTAL EMISSIONS (MTCO <sub>2</sub> e)	% OF TOTAL EMISSIONS
1	Direct Emissions	139,735	5.1%
2	Electricity and Indirect Emissions (Market Based)	127,131	4.7%
3.1	Purchased Goods & Services	2,145,562	79.0%
3.3	Fuel & Energy	40,575	1.5%
3.4	Upstream Transportation & All Distribution	74,479	2.7%
3.5	Waste in Operations	29,169	1.1%
3.6	Business Travel	1,754	0.1%
3.7	Employee Commuting	54,400	2.0%
3.12	End of Life Treatment of Sold Products	103,074	3.8%
<b>Total 2023 Emissions</b>		<b>2,715,878</b>	<b>100%</b>



Stemilt provides Sprouts with unique apple varieties such as SweeTango® which are grown in the Western U.S.



# PURPOSEFUL PEOPLE

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# GROWING A WINNING TEAM

Along with helping people live and eat better, Sprouts team members are also focused on growing their careers. Our growth, along with robust training, learning and career development plans, provide significant opportunities for team members to reach their full potential.

In 2023, we created 3,000 new jobs and over 43% of our 32,000 team members were full-time. We make significant investments in our teams in the form of training, customized individual development plans, leadership development programs, mentoring and professional coaching, and Sprouts scholarships.



**64%**  
of store manager positions filled with internal candidates

“

*When I visit my Sprouts, Margaret and Jeremy are always kind and helpful. The meat department taught me how to use my air fryer. Who does this service these days!*

”

Lisa D.  
Lubbock, TX

**21%**  
of team members promoted

**\$15.8M**  
invested to develop internal store leadership

**17,000+**  
leadership training hours delivered

**50**  
Sprouts scholarships awarded to team members and their families

**815,000**  
total hours of in-store training delivered

**36**  
Sprouts Leadership program graduates

**6,600+**  
internal promotions

**20**  
WAFC Retail Management graduates



# LEADERSHIP DEVELOPMENT PROGRAMS

We provide the opportunity for team members to participate in retail industry and leadership educational opportunities provided by organizations such as the Western Association of Food Chains (WAFC) Retail Management Certificate, among others.

## Retail Leadership Development Program

Combines 12 weeks of online and on-the-job training to prepare a newly hired Store Manager for success.

## University Assistant Store Manager Program

Graduates with a bachelor's degree receive six months of hands-on and classroom training to start a career as an Assistant Store Manager.

## Assistant Store Manager Leadership Development

Prepares internal Assistant Store Managers for future advancement focusing on leadership and development as well as business acumen.

## McKinsey Connected Leaders Academy

Designed to make progress on inclusion and equity, improve diverse bench strength, and unlock the full potential of our team members. We had a total of 33 participants in this program focused on developing leadership capabilities for Asian, Black, and Hispanic leaders.

## WAFC Retail Management Certificate

Provides the core skills and knowledge for internal leaders to move into a management role.



**2,800**  
team members  
attended  
SproutsCon

# SPROUTSCON

Every year we bring over 1,200 of our store leaders from around the country together for SproutsCon, a one-of-a-kind culture, education, and leadership experience. Our team members have the opportunity to build new relationships and reinforce existing ones, learn interactively with their peers, and meet and sample products from more than 1,400 of our valued suppliers. They take knowledge and excitement back to our stores that improves our business and makes our customer experience even better.



# PAY & BENEFITS

Part of creating a great place to work is ensuring we continue to invest in our people through competitive wages and meaningful benefit offerings.

We are a people-powered and purpose-driven business on an ambitious growth trajectory. We must attract the very best talent to deliver for our customers, investors, communities, and other stakeholders. In addition to creating a caring and inclusive culture, attracting the talent that will support our growth and drive our strategy requires creating and delivering a comprehensive and competitive total rewards program.

We offer robust medical benefits with multiple plans to choose from. Our in-store team members have flexible scheduling options and hybrid work is available for many of our store support teams.

We also understand mental, financial, and emotional well-being is just as important as physical health, and we provide a full range of offerings to meet the needs of our team members.



“

*When I visit my local Sprouts store I make a point to see Timothy. He gives me a big greeting and asks if I need any help. I feel seen, heard, and important. Thank you Timothy!*

”

**Michele C.**  
Albuquerque, NM

## QUARTERLY BONUS PLAN

for which all store team members are eligible

## 100%

of hourly team members are eligible for semi-annual reviews and merit increases

## \$21M

in bonuses paid out to field team members

## 401K MATCHING

up to 3% of pay

## 74%

of healthcare premiums are covered by Sprouts

## \$21.2M

in savings for Team Members with store discount

## \$19.68/HR

average pay rate for store team members

## \$200,000

paid out in team member referral program

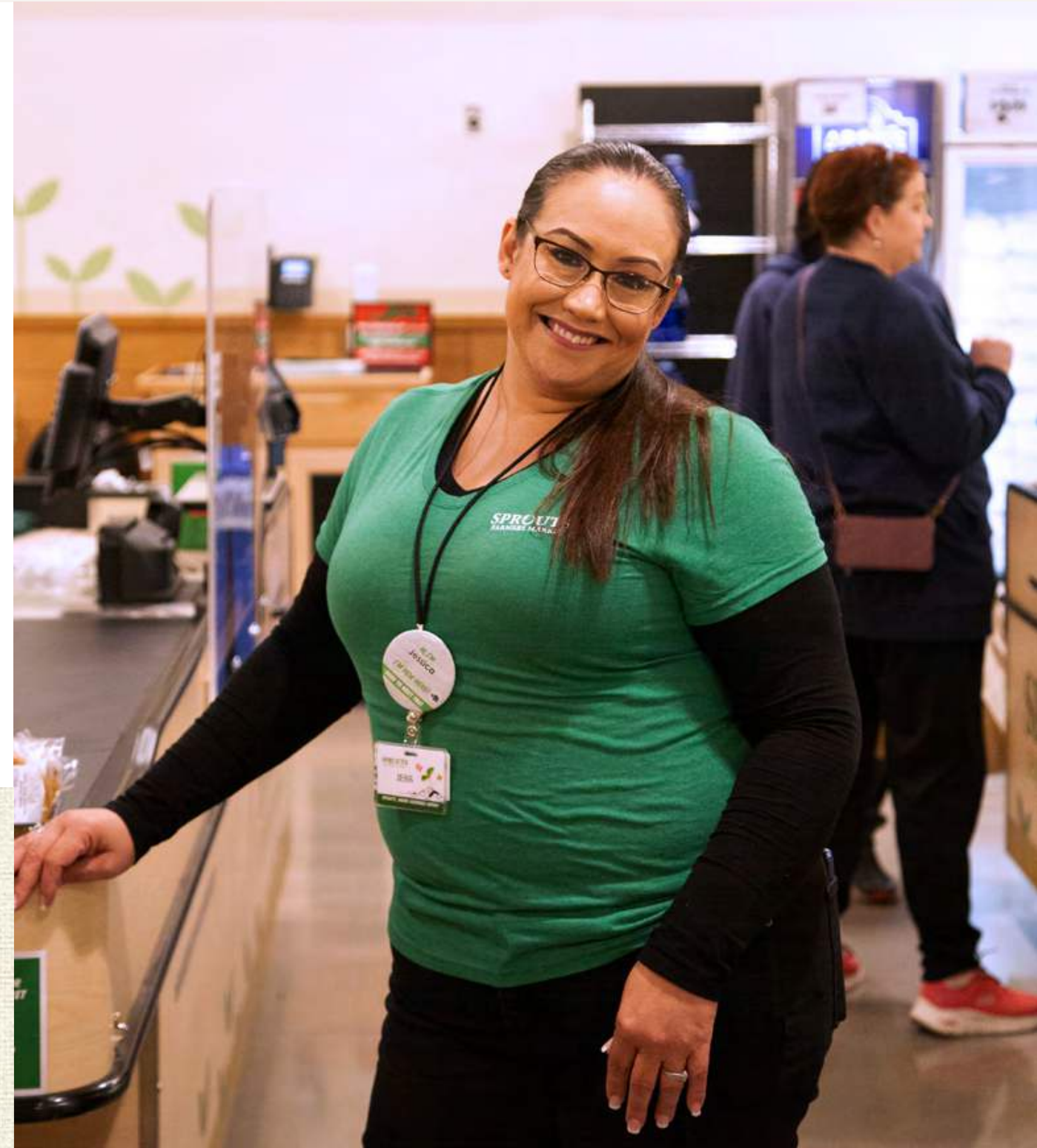


# LOVE BEING DIFFERENT

Our unique culture starts at our stores and spreads outward to the rest of our organization. We are intentional about the culture we aspire to — our team members live our values of Care, Love Being Different, and Own It in everything they do and their passion for our customers, each other, and our business is infectious.

Our HR and Store Operations teams have dedicated a great deal of energy and investment in culture strengthening and reinforcement initiatives. These efforts, along with leadership development training and improved hiring and promotion processes for store management roles, contributed to the highest team member retention rates in our company’s recent history.

As part of building a strong culture, we believe it is critical that team members feel that Sprouts is their business. That is one of the reasons we actively seek their input in improving our operations. In 2023, more than 350 team member suggestions were implemented and led to many positive outcomes, including a better customer experience, innovative products, improved technology, reduced theft, increased landfill diversion, and more efficient business processes.



“

*Always friendly staff and often the same staff member does my checkout. I love everything about my Sprouts store, it feels like family!*

”

**Marie C.**  
Mill Creek, WA



## INCLUSIVE CULTURE

Our core value of Love Being Different speaks not just to the products we carry and how we treat our customers, but also to the pride we take in providing an inclusive, respectful, and caring culture.

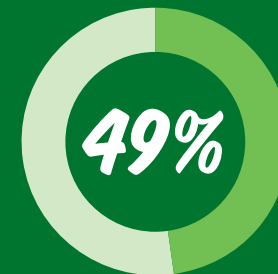
Our diversity is represented from the clerk level to senior leadership. We intentionally make hiring and promotional decisions that consider the inclusion of team members from traditionally underrepresented groups, and we ensure diverse candidate slates are presented to our hiring managers.



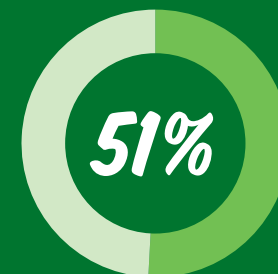
Store Managers receive values awards for Care, Own It, and Love Being Different at our annual SproutsCon.

## 2023 WORKFORCE REPRESENTATION

Entire Workforce  
(support office, field)

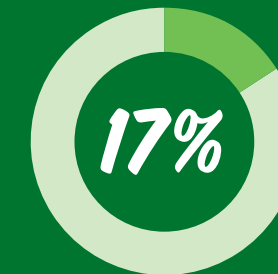


Racially/Ethnically  
Diverse

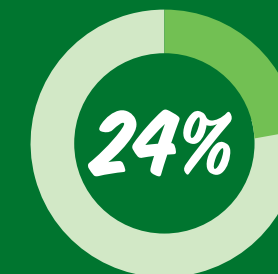


Female

Leadership  
(Vice President, Sr.  
Vice President, C-Suite)

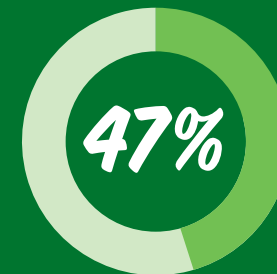


Racially/Ethnically  
Diverse

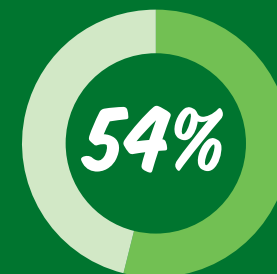


Female

Promotions  
(across all store roles)



Racially/Ethnically  
Diverse



Female

Our most recent EEO-1 report is available on our investor relations website at [investors.sprouts.com](https://investors.sprouts.com)

“ I love shopping at Sprouts. Everyone seems happy to be at work, and everyone's so unique, friendly, welcoming, cheerful, helpful! ”

Jesse B.  
Smyrna, GA



## TEAM MEMBER RESOURCE GROUPS

Team Member Resource Groups (TMRGs) represent our inclusive culture, where team member ideas and interests contribute to company success, strong customer relationships and connections within the communities we serve.

We currently have four TMRGs created by female, LGBTQ+, Hispanic & Latin, and Black/African American team members. Successful TMRGs can effectively enable recruiting and retention of diverse team members.



“I'd like to thank my cashier, I didn't catch her name, however she had purple hair and facial piercings. She was so kind and caring in the most sincere manner and it really made my day. I can't emphasize enough what this empathy has meant to me. Please pass my gratitude along.”

Brede H.  
Denver, CO



Our TMRG groups for Rainbow Alliance and SOUL joined forces to create a vendor event at our store support office for team members to meet and sample products from our diverse suppliers.



# SAFE WORK ENVIRONMENT

First and foremost, the value of Care means that we care for each other's safety and well-being. We are committed to maintaining a safe environment for our team members and customers.

Our store safety program designed by our Safety team and implemented every day by our store team members with diligence and focus has resulted in what we believe is a best-in-class worker safety record. Our team member injury rate has decreased 36% since 2019 due to the dedication of our store team members to the mindful execution of their work daily, continued training, and the emphasis placed by leadership on safety.

Team members are trained on our Health & Safety policy and program which cover:

- ✓ Safe working environments
- ✓ Identification and control of hazards
- ✓ Internal and external auditing
- ✓ Emergency response
- ✓ Disaster preparedness
- ✓ In-store Safety Captains program

*“ I just wanted to say that I LOVE Sprouts. It's clean, has great customer service, and is always stocked. Keep up the great work. You have a loyal customer and mom of five who appreciates it. ”*

Yalie H.  
Denton, TX



**5,700**  
safety inspections  
completed

**61,000 HRS**  
of safety training  
delivered

**36%**  
reduction in worker  
injuries since 2019



# HEALTHY COMMUNITIES

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Students at Monarch Elementary School work together to plant their garden in Simpsonville, SC.



# SPROUTS HEALTHY COMMUNITIES FOUNDATION

The Sprouts Healthy Communities Foundation, our 501(c)(3) nonprofit organization, is helping kids grow healthy through nutrition education and hands-on gardening programs that bring learning to life.

Since 2015, our Foundation has awarded more than \$20 million in grants to support a mix of local, regional, and national partners that operate nutrition education and school gardening programs, as well as organizations focused on increasing access to fresh, nutritious foods within communities.

We make significant investments in peer-to-peer learning opportunities amongst our partners and fund multi-year grants to help organizations sustain their internal operations.



PEAS - Partners for Education Agriculture and Sustainability in Austin, TX



*“We are so grateful for Sprouts' support of our school gardening program! Hands-on learning experiences are transformational for students and our teachers love that the garden is integrated into the academic curriculum. When students grow their own food it establishes a positive connection with what they eat and the lifelong food choices they make.”*

Dr. Stacy Foss, Principal, Cunningham Elementary  
Austin, TX

**3M**

students participated in school garden programs

**65**

volunteer events completed across Sprouts communities

**5,500**

service hours donated by Sprouts team members

**\$20M**

awarded to nonprofit partners since 2015



Recipe for Success Foundation  
Houston, TX



## ***BUILDING SCHOOL GARDENS WITH HELP FROM OUR CUSTOMERS***

Sprouts supports a network of schools and nonprofit organizations that oversee an estimated 10,000 learning gardens across the country.

In 2023, we invited our customers to join in our efforts by nominating a school in their community to receive a new or refreshed garden. Over 3,000 nominations were reviewed, resulting in 24 school finalists that received grants averaging \$20,000 per school. Over 600 Sprouts team members volunteered 2,400 hours to build these new gardens. In total, Sprouts hosted 65 school garden workdays last year.

Visit [Sprouts.com/foundation](https://sprouts.com/foundation) for more news and stories about the Foundation’s impact and local partners.



## ***GROWING HEALTHY KIDS***

Research shows that hands-on childhood experiences like growing, cooking, and sharing nutritious foods with peers are highly effective in helping kids build a positive and lasting connection with healthy eating. At school or in afterschool settings, gardening and cooking programs also bring science and math to life, nurture social-emotional wellness, teach environmental stewardship, and encourage personal resiliency.

“

*I love the Sprouts Foundation  
24 school gardens in 24 cities in  
24 hours. Thank you for doing this!*

”

**Maxine A.**  
San Diego, CA

Heights Elementary School Garden  
Fort Meyers, FL



# FOOD SECURITY

Access to healthy and nutritious food is a priority in the communities we serve. Through our healthy product selections and community giving, we are supporting our purpose of helping people live and eat better.

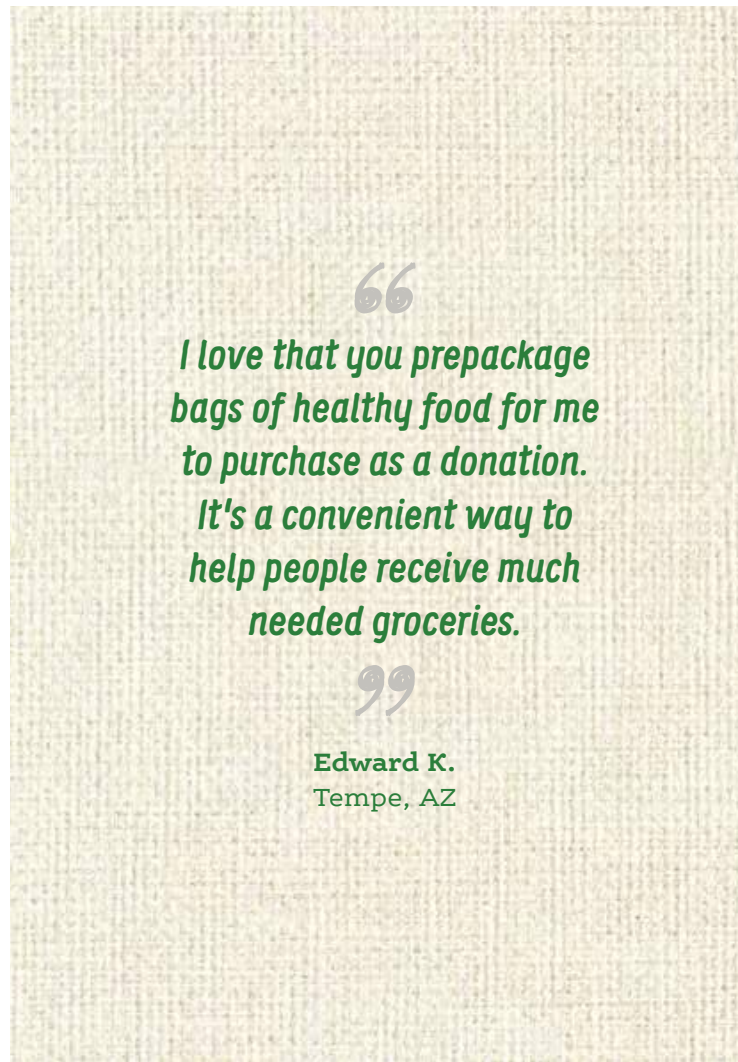
## FOOD RESCUE DONATIONS

In the United States, approximately one in three households are food insecure. These families and individuals often rely upon food banks, pantries, and churches to supplement their next meal. We help to alleviate hunger in our communities through our Food Rescue Program. We've established donation partnerships with over 400 food rescue agencies across the country to get much needed fresh, wholesome, and nutrient-dense food into the hands of those in need. Each day, our store team members select food that may not be in retail condition but is perfectly edible for redistribution to our Food Rescue partners. Since 2016, our Food Rescue Program has donated the equivalent of 184 million meals.



## GRAB & GIVE PROGRAM

During the holiday season, Sprouts offers customers the ability to purchase discounted Grab & Give bags pre-filled with pantry staples or body care essentials for distribution to those in need. As a result, our Food Rescue agency partners received much needed food and personal care items to make the holiday season a little brighter.



“  
I love that you prepackage  
bags of healthy food for me  
to purchase as a donation.  
It's a convenient way to  
help people receive much  
needed groceries.

”  
Edward K.  
Tempe, AZ





# RESPONSIBLE BUSINESS

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Our Board of Directors outside our Philadelphia store on Broad Street

# ESG LEADERSHIP & OVERSIGHT

ESG leadership at Sprouts begins with our Board and executive leadership team. Our Board is highly engaged in our ESG matters given that many of our ESG initiatives are built into and complement our long-term growth strategy.

While our full Board reviews ESG matters on at least an annual basis, each Board committee has been delegated oversight responsibility for various aspects of our ESG program within their purview. Our Nominating and Corporate Governance Committee is primarily responsible for oversight of our ESG activities, as well as our corporate governance policies and practices. Our Audit Committee oversees and reviews our ESG disclosures included in our financial statements and the adequacy and effectiveness of internal controls related to such disclosures. Our Compensation Committee

reviews our strategies related to human capital management, including talent acquisition, development and retention, and diversity, equity, and inclusion initiatives. Our Risk Committee oversees our risk management program, including risks related to cybersecurity and our ESG actions, reporting and disclosures. 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.

Every Sprouts executive is expected to consider ESG matters in the oversight of their business units. Our Sustainability team reports directly to our Chief Sustainability 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. In 2023, we engaged with shareholders that collectively held approximately 25% of our outstanding shares. These discussions are then reported to our Board and suggestions are considered and may be implemented, including incorporating shareholder feedback into this Report.



# BOARD COMPOSITION & INDEPENDENCE

Sprouts' Board 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, independent oversight, effective decision-making, and monitoring of both compliance and performance.

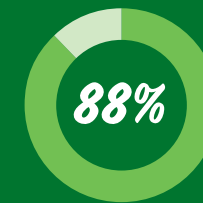
Our Board is composed of deeply experienced corporate leaders with diverse backgrounds and balanced, complementary skill sets. Our current Board leadership structure separates the Chief Executive Officer and Chairman of the Board roles. We believe our Board composition ensures independent viewpoints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

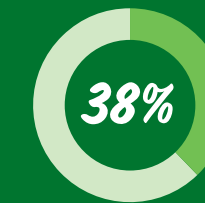
Additional information on our governance efforts can be found on our investor relations website, located at [investors.sprouts.com](https://investors.sprouts.com), including our Board committee charters, code of ethics and other governance documents, as well as our public filings with the Securities and Exchange Commission, including our [2023 Annual Report on Form 10-K](#) and [2024 Proxy Statement](#).

## BOARD DIVERSITY

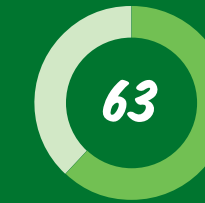
DEMOGRAPHICS (AS OF DECEMBER 31, 2023)



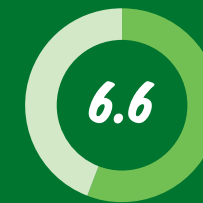
Independent



Female or Racially/  
Ethnically Diverse



Average Age



Average Years of  
Tenure

Our directors represent a range of backgrounds and experiences. 25% of our directors are female and 25% are ethnically diverse. Our Board is committed to improving its gender and ethnic diversity and will continue to make appointing diverse Board members a priority going forward. While we do not have a formal policy outlining the diversity standards to be considered when evaluating director candidates, our objective is to foster diversity of thought and experience on our Board. To accomplish that objective, the Nominating and Corporate Governance Committee 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. Our two female directors, Kristen Blum and Terri Funk Graham, each serve in leadership roles on our Board as committee chairs.



# ETHICAL BUSINESS

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 our Board, executive leadership team, 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.

## 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 have taken steps to embed our Commitment to Human Rights in our operations and supply chain. We completed our first risk assessment and are actively engaging suppliers who provide us with

commodities from countries known to have less robust oversight. Our team members with purchasing responsibilities have received human rights training and human rights risks have been embedded into our enterprise risk management framework. Taking a risk-based approach we conducted several supplier social audits in 2023 and did not find any material concerns. We also continue to expand our offerings of products with a supply chain social attribute such as Fair Trade, which supports living wages and community impact.



**Wholesum Family Farms, the first Fair Trade Certified farm in the United States, provides Sprouts with tomatoes and other vegetables that are sustainably grown and support impactful community projects.**



## CODE OF CONDUCT AND WHISTLEBLOWER PROTECTION

The Code, along with the Sprouts Team Member Handbook and Policies and Procedures, are proactively shared with and made available team members to 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 Board members. Topics covered include policies around non-retaliation; management and supervision; quality and customer service; customer and team member safety; team member privacy; nondiscrimination 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.

In furtherance of our commitment to ethical conduct, we maintain an [Ethics Helpline](#) operated by Navex, 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 is also accessible by phone at 1-855-748-5773 and available in more than 150 languages. 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. We will not tolerate any form of retaliation against a whistleblower for making a good faith report of a violation of our Code or cooperating in investigations relating to Code violations. We have not been subject to or incurred any monetary losses as a result of legal proceedings associated with corruption and bribery.

## 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 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). The Risk Committee then provides input on the appropriate level of risk for our company and reviews management's strategies for adequately mitigating and managing our 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.

## GOVERNMENT AFFAIRS

The Code emphasizes our belief in fair, free, and open markets, and in promoting good government. We do not tolerate, permit or engage in bribery, corruption or unethical practices of any kind. We are prohibited from paying, promising, offering, or authorizing a payment of, directly or indirectly, money or anything of value to a government official or political party for the purpose of influencing an actor decision in order to obtain or retain business or secure an improper advantage. In 2023, we did not make any political contributions or expenditures.



# DATA PRIVACY

Respecting privacy and safeguarding the personal information of our customers and team members is crucial to our success. We believe we have a responsibility to ensure that personal data we collect from our customers, team members and vendors is managed securely. Our [Privacy Policy](#) describes the privacy rights, collection, use, sharing and retention of customer data and outlines the rights and choices they have with respect to their information. We frequently review and update our Privacy Policy to ensure that it is compliant with applicable state privacy laws.



# CYBERSECURITY

We believe cybersecurity is of critical importance 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 are susceptible to a number of significant and persistent cybersecurity threats, including those common to most industries as well as those we face as a retailer, operating in an industry characterized by a high volume of customer transactions and collection of sensitive data. These threats, which are constantly evolving, include data breaches, ransomware, and phishing attacks. Accordingly, we are committed to maintaining robust cybersecurity and data protection and continuously evaluate the impact of cybersecurity threats, considering both immediate and potential long-term effects of these threats on our business strategy, operations, and financial condition.

Under the oversight of our Board, and the Board's Risk Committee, our management has established comprehensive processes for identifying, assessing and managing material risks from cybersecurity threats, and these processes are integrated into our overall ERM program. Our Chief Technology Officer is supported by

a dedicated team of internal cybersecurity specialists. We also engage specialized cybersecurity consultants and leverage third-party expertise to bolster our cybersecurity defenses. We conduct due diligence before onboarding new vendors and maintain ongoing evaluations to ensure compliance with our security standards. We continuously invest in security technology tools, training, and best practices to strengthen security, and we maintain appropriate cyber insurance coverage. Investments in security technology tools include robust email filtration, endpoint protection, data loss prevention, and business continuity and recovery technologies.

All full-time and part-time team members as well as contractors are required to complete security awareness training upon hire and annually thereafter. This comprehensive training program covers sensitive access and phishing, as well as current types of common cybersecurity risks.

As of the date of this Report, no cybersecurity incidents have had, either individually or in the aggregate, a material adverse effect on our business, financial condition, or results of operations.





# APPENDIX

SASB Disclosure ..... 49

Sustainable Development Goals ..... 51





# SASB DISCLOSURE

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 2, 2023 through December 31, 2023. 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	UNIT OF MEASURE	CODE	2023 RESPONSE
<b>Fleet Fuel Management</b>	Fleet fuel consumed, percentage renewable	Gigajoules (GJ), Percentage (%)	FB-FR-110a.1	14,552 GJ related to jet fuel consumption
<b>Air Emissions from Refrigeration</b>	Gross global Scope 1 emissions from refrigerants	Metric tons CO <sub>2</sub> -e	FB-FR-110b.1	106,057 MTCO <sub>2</sub> e
<b>Air Emissions from Refrigeration</b>	Percentage of refrigerants consumed with zero ozone depleting potential	Percentage (%) by weight	FB-FR-110b.2	99%
<b>Air Emissions from Refrigeration</b>	Average refrigerant emissions rate	Percentage (%)	FB-FR-110b.3	18%
<b>Energy Management</b>	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable energy	Gigajoules (GJ), Percentage (%)	FB-FR-130a.1	(1) 1,921,372 GJ (2) 100% grid electricity (3) 0% renewable energy
<b>Food Waste Management</b>	Amount of food waste generated, percentage diverted from the waste stream	Metric tons (t), Percentage (%)	FB-FR-150a.1	34,879 tons of food waste recovered. We are in the process to refine our approach to calculating food waste generated and will disclose in the future
<b>Data Security</b>	(1) Number of data security breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected <sup>1</sup>	Number, Percentage (%)	FB-FR-230a.1	Zero data breaches
<b>Data Security</b>	Description of approach to identifying and addressing data security risks	n/a	FB-FR-230a.2	See Data Privacy and Cybersecurity sections on page 47.
<b>Food Safety</b>	High-risk food safety violation rate	Rate	FB-FR-250a.1	Average of .29 critical violations per audit
<b>Food Safety</b>	(1) Number of recalls, (2) number of units recalled, (3) percentage for private-label products	Number, Percentage (%)	FB-FR-250a.2	(1) 12 Class I recalls, (2) 24,258 Class I recall units removed, (3) 3 of 12 (25%) of Class I recalls were private label



TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	2023 RESPONSE
<b>Product Health &amp; Nutrition</b>	Revenue from products labeled and marketed to promote health and nutrition attributes	U.S. Dollars (\$)	FB-FR-260a.1	\$2.3 billion in revenue from products labeled and marketed to promote health and nutrition attributes
<b>Product Health &amp; Nutrition</b>	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	n/a	FB-FR-260a.2	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.
<b>Product Labeling &amp; Marketing</b>	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	Number	FB-FR-270a.1	None
<b>Product Labeling &amp; Marketing</b>	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	U.S. Dollars (\$)	FB-FR-270a.2	None
<b>Product Labeling &amp; Marketing</b>	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	U.S. Dollars (\$)	FB-FR-270a.3	(2) \$2.1 billion in revenue of products labeled as non-GMO
<b>Labor Practices</b>	(1) Average hourly wage and (2) percentage of in-store and distribution centers employees earning minimum wage, by region	U.S. Dollars (\$), Percentage (%)	FB-FR-310a.1	(1) \$19.68 (2) We do not report this publicly
<b>Labor Practices</b>	Percentage of active workforce covered under collective bargaining agreements	Percentage (%)	FB-FR-310a.2	0%
<b>Labor Practices</b>	(1) Number of work stoppages and (2) total days idle	Number, Days	FB-FR-310a.3	(1) Zero work stoppages, (2) Zero days idle
<b>Labor Practices</b>	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	U.S. Dollars (\$)	FB-FR-310a.4	We do not report this publicly
<b>Management of Environmental &amp; Social Impacts in the Supply Chain</b>	Revenue from products third-party certified to environmental or social sustainability sourcing standard	U.S. Dollars (\$)	FB-FR-430a.1	\$3.3 billion in revenue from third-party certified to an environmental and/or social standard
<b>Management of Environmental &amp; Social Impacts in the Supply Chain</b>	(1) Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation-crates	Percentage (%) by revenue	FB-FR-430a.2	(1) 100% of eggs sold were from cage-free or better facilities (2) 100% of Sprouts brand whole pork was sourced from group-housed facilities, 63% of all pork sold in Sprouts' meat department was raised in group-housed or better housing systems
<b>Management of Environmental &amp; Social Impacts in the Supply Chain</b>	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	n/a	FB-FR-430a.3	(1) Sprouts conducts a variety of supply chain audits annually for supplier social and environmental performance
<b>Management of Environmental &amp; Social Impacts in the Supply Chain</b>	Description of strategies to reduce the environmental impact of packaging	n/a	FB-FR-430a.4	See Zero Waste & Circularity section on page 23.



# SUSTAINABLE DEVELOPMENT GOALS

Our ESG efforts are aligned with the United Nations Sustainable Development Goals.



## Zero Hunger

Our food rescue program, nonprofit 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.



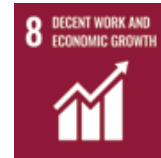
## Quality Education

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 products that are grown, sourced, produced and distributed in ways that are environmentally and socially responsible, including thousands of organic, non-GMO and plant-based items. We also favor reusable, recyclable or compostable packaging, and are moving towards 30% recycled contents used 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 global warming potential (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 responsible 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 positive impact on biodiversity.



# SPROUTS<sup>®</sup>

## FARMERS MARKET

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