



***ENVIRONMENTAL AND  
SOCIAL RESPONSIBILITY  
REPORT***

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***2019***

# 2019 HIGHLIGHTS



We believe in building a brand that is good for you, good for your family, and good for the planet.  
- Jack Sinclair, CEO



## PEOPLE

**28%**

of team members promoted

**70%**

of new store manager positions were filled by internal candidates

**\$13.5M**

saved by team members through store discount program

## COMMUNITY

**950 COMMUNITY EVENTS**

supported by Sprouts team members

**500 FAMILIES**

attended healthy living workshops

**2,600 VOLUNTEER HOURS**

donated during annual Team Member Day of Service

## ENVIRONMENT

**27M POUNDS**

of food donated to local hunger relief agencies

**24M POUNDS**

of food repurposed to animal feed or compost

**93M POUNDS**

of materials recycled

## SOURCING

**96%**

of seafood is responsibly sourced

**120M POUNDS**

of organic produce sold

**100%**

of Sprouts Brands eggs are cage-free or better



# HEALTHY LIVING FOR LESS!®

Over the last 17 years Sprouts has grown to more than 340 stores across 22 states coast to coast with more than 30,000 team members and \$5.6 billion in annual sales. Sprouts makes healthy living accessible to shoppers by offering affordable, fresh, natural and organic products. True to our farmers market heritage, we're known for pioneering a unique grocery model with a welcoming store layout featuring fresh produce at the center of the store, an expansive bulk foods section, and a grocery assortment focused on overall wellness. Our Sprouts Brand items focus on affordability and taste, while featuring simple and clean ingredients that are sourced responsibly.





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***PEOPLE***



# GROWING TOGETHER

As one of the fastest-growing retailers in the country, we created 2,800 new jobs in 2019. Additionally, we promoted 4,200 team members and filled 70% of new store manager positions with internal candidates.

## 2019 HIGHLIGHTS

We're proud to offer our team members competitive pay, store discounts, a fun and rewarding culture, and opportunities for professional growth.

- Introduced a store bonus program to ensure every store team member is eligible for a quarterly bonus.
- Promoted 28% of our workforce
- Team members saved more than \$13.5 million through store discounts
- Awarded 75 scholarships to team members and dependents, equating to more than \$1 million in scholarships since 2009
- Added back-up childcare benefits, allowing team members to reserve high-quality care in a center, or at their home in circumstances such as school breaks, bad weather, or caregiver cancellations

**A TOP RETAILER AND  
EMPLOYER AS RANKED  
BY INDUSTRY LEADERS**

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WORLD'S MOST  
ADMIRED  
COMPANIES® 2020



**30,000 TEAM MEMBERS AND COUNTING!**



# BENEFITS

| LEAVE AND SICK TIME   | MANAGEMENT CERTIFICATION PROGRAM   | SCHOLARSHIPS  | 401(K)   | HEALTH CARE   | HEALTH ADVOCATE   | TEAM MEMBER DISCOUNT  |
|---|--|---|--|---|---|---|
| Sprouts recognizes that team members need time off to address medical needs, for themselves and their family members. We offer a paid sick time policy for all team members, and offer generous leave programs for different needs. | Sprouts offers team members the opportunity to participate in the Western Association of Food Chains' Retail Management Certificate Program that provides the core skills and knowledge to move into a management role in the retail industry. Last year, 103 Sprouts team members enrolled in this program. | The Henry Boney Memorial Scholarship is designed to offer team members or their dependents a \$2,000 scholarship to achieve their college dreams. | Sprouts matches 50% of every dollar team members contribute up to the first 6% of their eligible pay. All team members over 18 can enroll in our 401(k) plan the first of the month following three months of service. | Sprouts offers team members protection against the high cost of health care, providing peace of mind with three different medical plans: an HSA and a PPO through UnitedHealthcare, and an HMO through Kaiser for our team members in California. | Sprouts offers team members a Health Advocate service to help them navigate the complexities of health care so they can spend more time getting the care they need. | All Sprouts team members can save at our stores, with a 15% Work Perk Discount that can increase to 20% with a simple annual wellness check. Team members also get exclusive offers and coupons by using our mobile app.<br><br>In 2019, team members saved more than \$13.5 million through store discounts. |



My Wellbeing is a holistic program that inspires, educates, and empowers our team members to live their best life by taking care of their physical, financial, emotional, and professional well-being. Team members enrolled in one of Sprouts' medical plans can also receive an additional 5% store discount, for a total of 20%, by taking a wellbeing assessment and biometric screening.





# OUR TEAM

## TEAM MEMBER APPRECIATION WEEK

Each quarter, we dedicate a full week to appreciate our incredible team members. Our in-store Team Member Appreciation Week gives all team members the chance to talk with their Store Manager about growing their career at Sprouts, win giveaways, as well as enjoy a 25% store discount.

## HEALTHY LIVING HEROES

Sprouts' Healthy Living Heroes program encourages team members to share how working at Sprouts has inspired them to make positive changes in their lifestyles. Their stories are shared across the company and the honorees are celebrated with a donation made to a local charity on their behalf, as well as a 25% store discount for a full year.



## DIVERSITY

We pride ourselves on supporting an inclusive, respectful, and caring culture.



### WORKFORCE DIVERSITY:

49% OF OUR TEAM MEMBERS ARE FEMALE

49% OF OUR WORKFORCE IS RACIALLY DIVERSE

## VETERANS

We are committed to hiring and supporting military veterans. Their leadership ability and work ethic are a perfect fit for our "People Powered. Purpose Driven." culture. In fact, we hired more than 1,600 veterans over the last two years because we recognize their unique skills and believe individuals who have served help us become an even stronger organization. We invest in growing the careers of military veterans through formalized training and professional development.



Sprouts supported Lt. Col. Dan Rooney's Folds of Honor which provides educational scholarships to the children and spouses of fallen and disabled service members. Rooney shared an inspirational speech to more than 1,100 team members, including these veteran leaders, at SproutsCon 2019.



# EDUCATION, TRAINING, AND SAFETY

In addition to daily store huddles, team members engage in a variety of periodic training programs, ranging from online courses on product attributes, to in-depth category specific classes. To further support career growth and knowledgeable customer service, we offer targeted training programs in our core differentiated departments.

| 2019 PROGRAM HIGHLIGHTS  |  |   |
|--|--|---|
| Meat Apprenticeship  | Produce Training   | Vitamin Camp  |
| <ul style="list-style-type: none"> <li>• 155 graduates</li> <li>• 37,200 training hours</li> </ul> | <ul style="list-style-type: none"> <li>• 114 graduates</li> <li>• 13,680 training hours</li> </ul> | <ul style="list-style-type: none"> <li>• 159 participants</li> <li>• 12,720 training hours</li> </ul> |

## SPROUTSCON 2019

Each year at SproutsCon, our leadership and educational summit, vendor partners come together to educate team members about their newest Grocery, Dairy, Frozen, and Vitamin & Body Care products. In 2019, more than 1,050 store managers, grocery managers, and vitamin managers attended SproutsCon, leading to 27,840 training hours over just four days. Additionally, more than 550 vendors exhibited at an exclusive tabletop show to meet Sprouts team members and demo their unique products. In addition, all of our store managers spend three days dedicated to leadership and development during SproutsCon for a total of 28,000 hours.



## LEADERSHIP DEVELOPMENT

To grow the next generation of leaders at Sprouts, we've developed a Leadership Training Model for high-potential internal team members to take their careers to the next level, and to on-board store managers new to Sprouts. In 2019, we had more than 100 Leadership graduates totaling 25,000 hours in training.

## VIRTUAL REALITY TRAINING

The Sprouts Training team partnered with an industry-leading virtual reality technology firm to launch a cutting-edge virtual reality training in 42 Arizona stores and our Glendale, Ariz. distribution center in 2019.

## WESTERN ASSOCIATION OF FOOD CHAINS (WAFC)

Sprouts has partnered with the WAFC since 2015 to provide educational opportunities for team members and to ensure we're building a skilled team that can navigate success in an evolving retail landscape. This accredited community college program provides the core skills and knowledge to move into a management role in the retail industry. 2019 highlights include:

- 103 Sprouts team members enrolled in WAFC's Retail Management Certificate Program
- Six high-potential field and support office team members completed WAFC's four-day Food Industry Executive Program in partnership with the University of Southern California
- A Senior Manager of Field Development completed WAFC's 15-week Food Industry Management Program, a highly regarded, exclusive leadership program with the USC Marshall School of Business

## SAFETY

We are committed to maintaining a safe environment for our team members and customers. Our stores implement various programs to reduce and eliminate hazards, resulting in a safer workplace and improved shopping experience. In 2019, our stores reported a 22% reduction in worker compensation claims over the prior year.



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***COMMUNITY***



# COMMUNITY ENGAGEMENT

## REGIONAL MARKETING EVENTS

Sprouts touches millions of lives each year by supporting hundreds of nonprofits in the communities we serve. In 2019 team members participated in more than 950 community events, reaching more than 2.3 million neighbors.

## DISASTER RELIEF - GIFT OF TIME

Events of nature, while many times tragic, provide us with an even greater opportunity to help our communities. When natural disasters impact our stores, team members can donate their vacation time to fellow team members who have been impacted so they can focus on their safety, health and housing. In 2019, team members donated \$121,949 worth of hours to assist fellow team members in need. Special thanks to store #10 – Mesa – Higley Rd., Ariz., where Faith Jewell, store manager, had a total of 49 team members donate more than 100 vacation hours through our Gift of Time program to fellow team members across California affected by wildfires.

## DAY OF SERVICE

Each year, the Sprouts Healthy Communities Foundation hosts a Day of Service uniting hundreds of team members volunteering across dozens of communities throughout the country. These events allow our team to contribute to Sprouts' higher purpose by creating healthy communities and giving people access to more affordable, healthier choices. Highlights from last year's Day of Service include:

- Nearly 650 team members volunteered across 38 events to improve communities from coast to coast
- Built new community and school gardens in Baltimore, Phoenix, and Tucson
- Refreshed 23 community and school gardens across the country
- Packed 1,000 weekend hunger backpacks in North Carolina
- Built one new composting system, one chicken coop, one butterfly installation, and one greenhouse
- Painted two vibrant and educational school garden murals





# THE SPROUTS HEALTHY COMMUNITIES FOUNDATION

The Sprouts Healthy Communities Foundation supports healthy eating initiatives for kids from coast to coast. We see these programs in school gardens, community farms, community kitchens, food pantries, and in our stores. When fresh produce and nutrition education are made available together, kids are receiving the important tools they need to build healthy eating habits.

In 2019, our team members and nonprofit partners helped support this mission in a variety of ways. Below are a few of the highlights:

- School gardens funded by Sprouts, and built in collaboration with Out Teach, helped provide more than 3,000 students across Arizona, California, Georgia, and Texas with garden-based education.
- More than 500 families were taught healthy living habits through community cooking classes and nutrition workshops hosted by the Sprouts Healthy Communities Foundation's grant partners.
- Sprouts team members gave more than 2,500 volunteer service hours, building and enhancing school and community gardens.
- Sprouts' grant partner, Vitamin Angels, supported the health of 2.2 million women and children by providing access to life-saving vitamins.

**SPROUTS**  
HEALTHY COMMUNITIES  
FOUNDATION





# THE SPROUTS HEALTHY COMMUNITIES FOUNDATION

## IMPACT PARTNER HIGHLIGHTS

Our Impact Partners provide experiential learning to youth across the country, getting kids excited about eating fruits and vegetables and treating their bodies well. They host programs in community and school learning gardens, teaching nutrition education in a way that's interactive and fun. Through these lessons, kids also learn math, science, and language arts, bringing greater depth to garden-based education.

Gardens located in neighborhoods allow a safe place to come together, spend time in nature, and share in building community together. For gardens in the school environment, students and teachers both benefit, enjoying the fresh air and the bountiful produce these outdoor spaces create.

### **Denver Urban Gardens**

Denver Urban Gardens (DUG) maintains more than 184 gardens in six counties in the Metro Denver Area, along with their refugee-led DeLaney Community Farm. DUG gardeners, DeLaney farmers, and DUG school garden youth produced more than 684,000 pounds of healthy, fresh food in 2019! Sprouts' funding allowed DUG to facilitate 96 Youth Farm Stands at 31 schools in their school garden network, providing families with critically-needed access to fresh fruits and vegetables.

### **Soil Born Farms**

Soil Born Farms provided 4,500 students with hands-on learning around gardening, healthy food, cooking, and environmental stewardship at their American River Ranch location in 2019 with the support of Sprouts. Additionally, 2,200 students received this education directly in their

schools, and 85 teachers benefitted from the training, curriculum, and onsite school support as well.

### **Life Lab**

With a total investment of \$621,000, the Sprouts Healthy Communities Foundation has partnered with school gardening leader Life Lab to bring garden-based education to an even greater number of students. For more than 40 years, Life Lab has connected school gardening organizations, building its National School Garden Support Organization Network to more than 700 members. Through this network, members can share best practices, attend monthly webinars, and together, grow the school gardening movement.

Through their garden-based programs, Life Lab brings educational lessons to more than 5,000 students in Central California and 1,000 teachers across the nation each year. The funding from Sprouts will allow Life Lab to further scale their programs and provide additional training to garden educators.

### **Sage Garden Project**

Since 2011, Sage Garden Project has been transforming children's experience with school gardening across Southern California. With programs in 20 elementary schools, Sage Garden Project has already brought nutrition education to more than 20,000 students. Program staff lead students through the complete food cycle, having kids plant the seeds, tend to the garden, and then harvest, wash, and prepare the food. Training, curriculum, and mobile cooking carts are provided to schools that participate in the program, and Sprouts' investment of \$375,000 will allow for the program to be brought to an additional 20 schools.





# THE SPROUTS HEALTHY COMMUNITIES FOUNDATION

## NEIGHBORHOOD GRANTS

Our Neighborhood Grants allow us to financially support smaller, grassroots organizations, working directly in Sprouts' communities. In 2019, we received more than 300 applications from nonprofits across the country, many of which provided strong food access programs. Among them, 118 organizations were selected to receive grants, resulting in over \$720,000 being donated from the Sprouts Healthy Communities Foundation.

### **Blue Watermelon Project**

Based in Phoenix, Ariz., the Blue Watermelon Project works to change the food system, starting from the ground up, by bringing learning gardens and healthy, nutritious food to local schools. With its Neighborhood Grant, the organization is able to expand their cooking demo program to reach more students and enhance their annual Feeding the Future fundraising event.

### **Boys and Girls Club of the Suncoast – Florida**

The Healthy Habits program teaches youth about healthy eating alongside simple, physical activities. Together, the two components of the program create the building blocks for healthy lifestyle choices.

## HEALTHY COMMUNITIES GRANTS

Since 2015, the Foundation has partnered with a growing number of nonprofit organizations who are working to provide nutrition education and healthy food access to kids. With successful programming and deep community roots, we're working to help these organizations expand existing programs, pilot new programs, and increase organizational capacity.

### **Living Classrooms**

Living Classrooms works with kids in Baltimore, providing resources to help them reach their full potential. Among their many enduring programs is Baltimore Urban Gardening with Students (BUGS), which serves second through fifth graders with interactive lessons in its on-site greenhouse, cooking lab, vegetable gardens and wetlands. Students are taught the entire farm-to-table lifecycle, culminating in a student-run farmer's market each spring. Funding from the Sprouts Healthy Communities Grant will allow BUGS to expand, making it possible for nearly twice as many kids to participate.

*Our youth love the Healthy Kids Cooking classes. They ask about it on a daily basis. We enhanced the program this year by incorporating yoga and Zumba, allowing us to provide a more comprehensive approach to healthy habits.*  
- Jennifer Reed, Grant Manager, Boys and Girls Club of the Suncoast





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***ENVIRONMENT***



# ENVIRONMENTAL STEWARDSHIP

We work collaboratively with our supply chain partners, community organizations, and industry experts to understand our material impacts and prioritize where we direct our environmental efforts. Three core areas of focus for us include waste, carbon emissions reduction related to in-store energy and refrigeration, and transportation.

## ZERO WASTE



## TRANSPORTATION



## ENERGY AND REFRIGERATION









# FOOD RECOVERY

## FOOD LOSS AND HUNGER RELIEF

Approximately 40% of all food grown in the U.S. is thrown away, while at the same time, one in seven Americans struggle to find their next meal. Bridging this gap is core to our philosophy on food waste reduction. In 2019, we implemented a new inventory management program in our perishable departments that helped prevent more than 1 million pounds of food loss. When food loss did occur, we were able to recover 55% of that still perfectly edible and nutrient-rich food for people in need, composting, or cattle feed.

## FOOD RESCUE

When food on our shelves is no longer in retail condition yet is perfectly edible, we donate it to Feeding America's network of food banks nationwide. In 2019, our stores and distribution centers donated 27 million pounds of food to local food banks, equivalent to 24 million meals.

## CATTLE FEED AND COMPOSTING

Food that is no longer in retail condition and that does not meet our food bank donation guidelines is sent to local cattle farms, composting facilities and water treatment facilities. In 2019, we diverted 24 million pounds of food through these food recycling programs.

## AEROBIC DIGESTERS

In select stores we use innovative technology to recover food loss through aerobic digester machines. These machines utilize microorganisms to break down food waste and recycle its water back into the local water system, offsetting the transportation related emissions found within cattle feed and composting programs. This water from fruits and vegetables is captured by municipal water treatment facilities and turned into drinking water for our communities.

## VENDOR PARTNER SPOTLIGHT

One of the recipients of our cattle feed program is Stotz Dairy in Buckeye, Ariz.. This vendor partner has a long history of running a sustainable dairy operation. Stotz Dairy utilizes food scraps from Sprouts to feed their more than 21,000 dairy cows. The fruits and veggies they receive from Sprouts are high in vitamins and calories, and cows love them as they see them as treats—they love sorting through their food looking for their favorite fruits and veggies! The milk produced by the cows at Stotz Dairy is sold in our stores, contributing to a circular economy that is good for our customers, community and planet.



## ZERO WASTE RECOGNITIONS



### EPA U.S. Food Loss and Waste 2030 Champion

Food Loss and Waste 2030 Champion, a recognition awarded by the U.S. Environmental Protection Agency (EPA) to businesses and organizations that have publicly committed to reducing food loss and waste in their operations by 50% by 2030.



### Feeding America Leadership Partner

For the last five years, Sprouts has been recognized as a Feeding America Leadership Partner for food donations of approximately 120 million pounds during that time.



Food Recovery Challenge

### EPA Food Recovery Challenge

Sprouts was recognized by the EPA with a Food Recovery Challenge award recognizing outstanding efforts in reducing food waste and, in the process, conserving natural resources. As a national leader in the field of food recovery, this is the sixth EPA food recovery award that Sprouts has received.



**APPROXIMATELY 40% OF ALL FOOD GROWN IN THE U.S. IS NOT CONSUMED WHILE ONE IN SEVEN AMERICANS STRUGGLE TO FIND THEIR NEXT MEAL.**





# COMMITTED TO RECYCLING

## CARDBOARD RECYCLING

Cardboard that is used to ship product to our stores comprises the largest amount of recyclable material in our stores. In 2019, we recycled 91 million pounds of cardboard. This recycled material lessens the need to harvest new forest products and contributes to a circular economy by being used again as an input for more cardboard or packaging production.

**93 MILLION POUNDS OF MATERIALS RECYCLED**

## IN-STORE MIXED RECYCLING

At 150 locations nationwide we collect and recycle a variety of paper, hard plastics, aluminum and glass from our customers and in-store operations. In 2019, we recycled approximately 800,000 pounds of mixed recyclables.

## PLASTIC BAG RECYCLING

For the last five years, we've partnered with Trex to recycle customer-returned plastic bags and other plastic film. Plastics collected from our stores is consolidated at our Produce Distribution Centers, then sent out to be repurposed into faux wood decking. In 2019, this program recycled 818,000 pounds of soft plastics, which is the equivalent to 43 million plastic bags. We are in the process of developing partnerships in the other states where we operate to broaden the collection of plastic bags.

The following list of common soft plastics can be recycled by placing them in designated bins at the front of our stores (where available):

- Single-use plastic bags
- Produce bags
- Bread bags
- Packaging air pillows
- Case overwrap
- Product wrap
- Cereal liners
- Ice bags
- Dry cleaning bags
- Newspaper sleeves



**818,000 POUNDS OF SOFT PLASTICS RECYCLED**

**800,000 POUNDS OF MIXED RECYCLABLES**

**91 MILLION POUNDS OF CARDBOARD RECYCLED**

# SUSTAINABLE PACKAGING

Encouraging reusable containers and eliminating single-use and non-recyclable packaging are key to reducing the negative impacts of packaging waste. With the help of internal and external sustainable packaging experts, we take into account sustainability factors for our packaging, such as:

- Finding alternatives to single-use plastics
- Decreasing shopper usage of single-use grocery bags
- Increasing recycled content and recyclability of packaging
- Eliminating harmful chemicals in packaging
- Increasing transparency of packaging recyclability

## REUSABLE AND REFILLABLE

We offer a wide assortment of bulk options from nuts, seeds, candies, and grains that can be purchased without the use of packaging. Guests can simply bring in their own reusable bags, jars, or containers to fill up on more than 200 varieties of bulk products. In 2019, we distributed more than 470,000 reusable bulk bags and 60,000 reusable produce bags. Purchasing unpackaged bulk foods, fruits, and vegetables is an easy and convenient way that we support our guests to lower their plastic footprint.

Other reusable and refillable options in our stores include:

- Dairy milk bottle take-back program in several markets, eliminating the need for single-use plastic or paper-based milk jugs. In 2019, Sprouts customers reused approximately 1.4 million bottles through this program
- Refillable water stations to reduce single-use plastic bottle consumption. In 2019, Sprouts customers purchased more than 3.3 million gallons of bulk dispensed water, offsetting the use of approximately 25 million plastic bottles of water



**IN 2019, SPROUTS SHOPPERS RECEIVED MORE THAN \$1,300,000 IN CREDIT FOR SHOPPING WITH REUSABLE BAGS!**

## RECYCLABLE PACKAGING

We are partnering with our suppliers to transition to more widely recyclable packaging. In 2019, we conducted an analysis of our Sprouts Brand products and found that over 60% of our packaging is recyclable. This study also prompted us to engage our vendor partners to seek opportunities to increase this percentage in the coming years. We work proactively to evaluate the sustainability of new product packaging to ensure that all new products are being released with the most sustainable packaging for that product category.

## COMPOSTABLE ALTERNATIVES

We are actively testing compostable utensils, bowls and plates as alternatives to single-use plastics in our store dining areas. In 2019, we converted to 100% compostable utensils, plates, and bowls at our support office and adjacent store as a test for a broader rollout.



# CARBON MANAGEMENT

## ENERGY

Energy consumption is the largest source of carbon emissions in our stores. As we continue to build new stores and remodel existing stores nationwide, we seek to incorporate industry-leading green building practices. In 2019, our stores and distribution centers consumed 292 million kWh of energy, resulting in 144,000 MTCO<sub>2</sub>e. Our energy intensity per store was 28 kWh/sf.

To reduce demand-side energy consumption, we incorporate green building practices and ongoing training in our stores:

- All stores built to LEED Silver certification specifications
- Stores designed with features such as night curtains, natural light harvesting, and LED lighting designed to conserve resources
- 137 stores have 100% LED lighting
- Battery storage systems to reduce peak energy demand
- Participate in the EPA's Energy Star Building-Program designed to save energy and better manage resources
- Regularly train our team members on best practices to reduce energy consumption



## REFRIGERATION



In 2009, Sprouts joined the EPA's GreenChill program, a partnership with food retailers to reduce refrigerant emissions and decrease their impact on the ozone layer and climate change. At the end of 2019, Sprouts had 91 stores that were EPA GreenChill certified, with more expected as we continue to grow. Our refrigeration-related emissions in 2019 was 68,364 MTCO<sub>2</sub>e.

## TRANSPORTATION



Seven days a week, fresh produce and other refrigerated items arrive at our stores from our national network of five fresh distribution centers. As a SmartWay® partner, an EPA program that helps promote sustainability in transportation, Sprouts supports a transportation system that reduces greenhouse gas emissions. In 2019, our major transportation partners, who are also SmartWay partners, logged more than 22 million miles moving product to our stores, resulting in approximately 22,000 MTCO<sub>2</sub>e. By measuring and benchmarking our freight transportation network, we are able to improve and advance supply chain sustainability and reduce our environmental footprint.





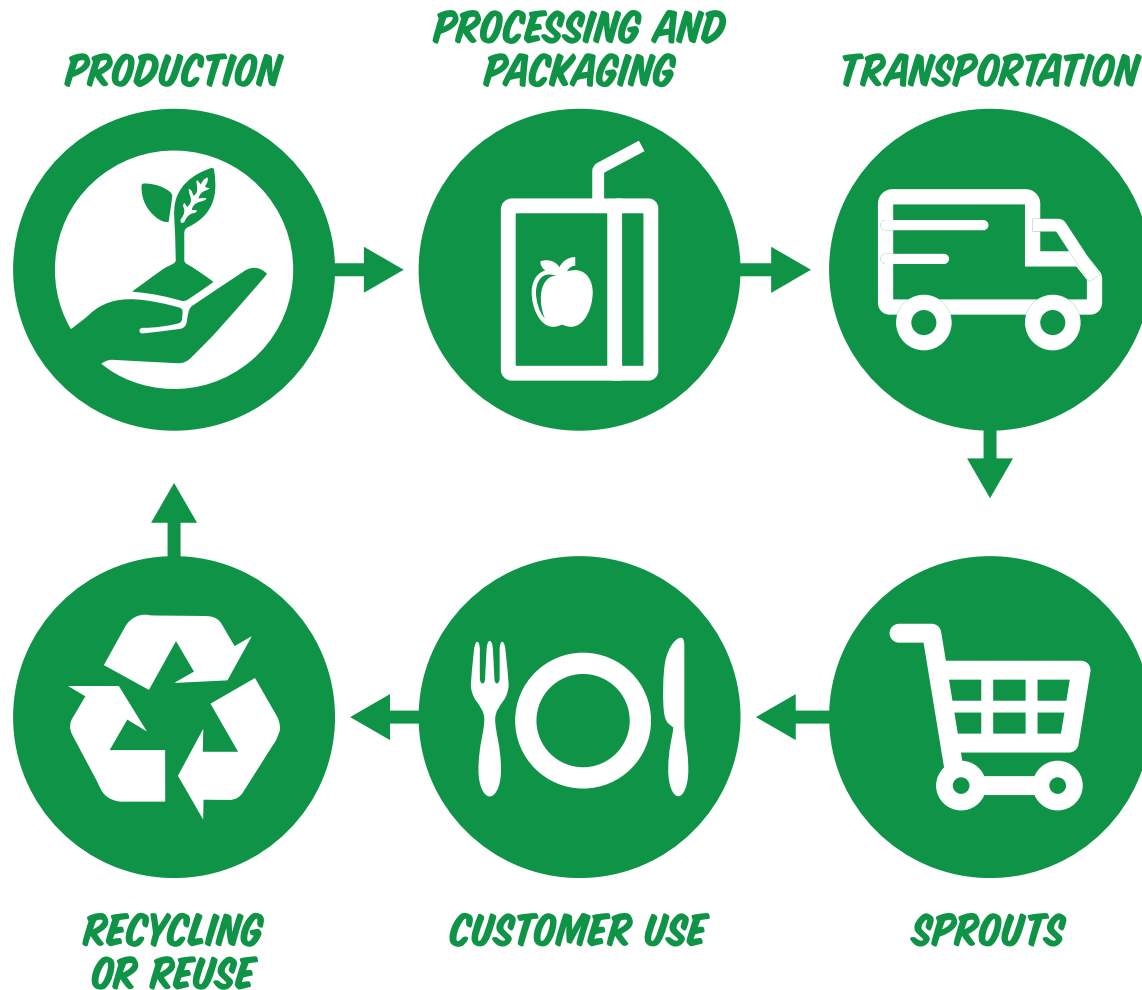
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***SOURCING***



# SUSTAINABLE FOOD SYSTEMS

We take a systems-approach to understanding the impact products have through their life-cycle. We actively seek opportunities to design our products for circularity and positive social and environmental impact.



At Sprouts, we are committed to conducting business with transparency and high ethical standards in a way that respects people, our communities, and the environment. We partner with suppliers and service providers that share this commitment and meet our expectations as included in our [Supplier Code of Conduct](#).

To enhance our Sustainable Sourcing programs, we have partnered with The Sustainability Consortium (TSC) and SupplyShift to begin implementing TSC's THESIS, known as The Sustainability Insight System. This system provides supply chain transparency and tracks category-specific sustainability performance.

Some examples of sustainability performance tracking in THESIS include:

- Product carbon intensity
- Biodiversity management
- Worker health and safety
- Labor rights
- Supply chain mapping
- Water use
- Deforestation
- Sustainable packaging
- Transportation
- Animal welfare



# SEAFOOD SUSTAINABILITY



We're proud to source seafood from select partners who are committed to preserving and protecting the health of our marine and freshwater ecosystems, and the wellbeing of fishery-dependent communities.

In 2019, we sourced 96% of our seafood from responsibly managed fisheries. We also helped improve the availability of sustainable seafood by enrolling certain fishery partners in a Fishery Improvement Project (FIP), which is a multi-stakeholder initiative that helps fisheries achieve Marine Stewardship Council (MSC) certification. Key elements of a FIP include an assessment of the fishery, development of an improvement plan, regular reporting on progress, and a timeline to achieve MSC certification.

Sprouts traveled to Singapore to collaborate with each of our seafood supply chain partners in 2019, including fishing vessel owners, seafood importers, and distributors. "One of our goals was to review the progress being made in how swordfish was being sourced in accordance with our collaborative FIP, and understand what opportunities there were for improvement. Since our visit, the FIP has grown from one vessel to more than ten, drastically increasing the volume of responsibly sourced seafood not only to Sprouts, but also to the other retailers and restaurants that source from these partners," said Justin Kacer, Sprouts Sustainability Manager.

We continue to stay active in this space and partner with changemakers within our supply chain to bring our guests affordable and delicious seafood options that are sustainably sourced.

## SUSTAINABLE SPROUTS BRAND TUNA

In 2019, we achieved our goal to transition 100% of Sprouts Brand shelf-stable tuna to pole and line caught. This method reduces bycatch of non-target species, lowering the impact on the surrounding biodiversity.



## SUSHI SUSTAINABILITY PROGRESS

Sprouts partners with sushi providers that share our vision for sustainably sourced seafood. In 2019, nearly 94% of the seafood sourced for our sushi program was sustainably sourced, up from 82% the year prior. We're pleased with the progress being made in this area and will continue to show improvement in 2020.



**96% OF OUR SEAFOOD IS FROM RESPONSIBLY MANAGED FISHERIES.**



# ANIMAL WELFARE

At Sprouts, responsible animal welfare is a key part of our business. We recognize our responsibility to ensure the welfare of farm animals throughout our supply chain with respect to their physical, behavioral, and mental well-being.

We regularly survey and engage with our meat, dairy, and egg 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

## CAGE-FREE OR BETTER EGGS

Sprouts has been at the forefront of sourcing cage-free or better eggs for many years. As part of our ongoing commitment to sustainability and animal welfare, we are working with suppliers to transition to a 100% cage-free egg assortment by 2022. We completed the first phase of this commitment in 2016 when we transitioned all our Sprouts Brand eggs. Currently, more than 97% of all egg sales at Sprouts are from cage-free, organic or pasture-raised hens. We've made great progress with our suppliers on our cage-free commitment and will continue to transition the remaining non-Sprouts brand eggs to 100% cage-free by 2022 or sooner.

**100% OF SPROUTS BRAND EGGS ARE CAGE-FREE OR BETTER.**



## PRODUCT SPOTLIGHTS

### SPROUTS GRASS-FED BEEF

Our grass-fed beef is 100% grass finished and comes from cattle raised on farms in the U.S. where they can graze on nutrient-rich, open pastures. No hormones or antibiotics are ever administered to beef, and the beef is free from any enhancers, solutions, chemicals, or artificial ingredients. We now carry our grass-fed beef in all stores, and like all of our fresh meat, it is packaged fresh and never frozen.

Our producers use a variety of production methods in efforts to ensure sustainable food sources and supply of natural cattle for long-term viability. These producers are members of the U.S. Roundtable of Sustainable Beef (USRSB) and its Board of Directors. The USRSB has established six high-priority indicators for sustainable beef production to include:

- Animal health and well-being
- Efficiency and yield
- Water resources
- Land resources
- Air and greenhouse gas emissions
- Employee safety and well-being

### SPROUTS AIR-CHILLED ORGANIC CHICKEN

We're proud to offer Sprouts Organic Chicken, which is USDA certified organic to deliver maximum freshness and flavor. Hatched, raised, and harvested in the U.S. under a Global Animal Partnership program, this organic chicken is fed a certified organic diet while having access to the outdoors. They are never administered growth hormones or stimulants, and never administered antibiotics. No enhancers, solutions, chemicals, or artificial ingredients are added. Further, our organic chicken is air chilled, which helps retain natural flavors and juices, for a more flavorful and tender product, compared to water chilling.

Our partners utilize controlled atmosphere stunning to modify the atmosphere when harvesting chicken. This more humane technology provides a less stressful experience, contributing to improved animal welfare, better processing conditions, and higher quality meat.

# GOOD-FOR-YOU ASSORTMENT

## TRANSPARENT LABELING

Today's shoppers are increasingly seeking products with specific attributes that best fit the needs of their lifestyles and families. At Sprouts, we make shopping simple with easy-to-identify shelf tags designating organic, gluten-free, plant-based, paleo, and keto products among others. We mirror this labeling system on our website product catalog and on the Sprouts App to help customers navigate our unique assortment of healthy products online.

We understand the importance of ingredient transparency and take pride in offering a wide selection of products that reflect both great quality and value. Our customers can shop among thousands of items by seeking out labels that represent a variety of social and environmental attributes.



## LOCAL BRANDS

From coast to coast, our stores carry hundreds of local products, which we define as made or produced in the state or within 500 miles. To educate our customers about the unique brands and their quality products, we share brand stories across our digital platforms, and utilize dedicated signage and sampling events in store. In fact, it's not uncommon to see a local vendor at our grand openings sharing samples of their products and engaging with guests.



## PLANT-BASED

Sprouts is the go-to grocer for first-to-market, plant-based products from dozens of leading and emerging brands, such as Beyond Meat, Califia, Silk, and Pure Farmland. Shoppers trust these cutting-edge, plant-based products to meet the needs of flexitarian, plant-based, and vegan diets, or while simply shopping in a way that can reduce their carbon footprint.



**IN 2019, SPROUTS' MEAT DEPARTMENT INCREASED PLANT-BASED PROTEIN SALES BY 1,400%.**

## RESPONSIBLY SOURCED COFFEE

We partner with Cameron's Coffee for our bulk coffee offerings, which is directly traded to ensure traceability and sustainable practices. The organic and fair-trade bulk coffees we offer at Sprouts are responsibly sourced and utilize practices to guarantee long-term coffee sustainability. With programs that improve farmers' income and living standards while reducing environmental impact through responsible water management and usage of clean energy, reputable suppliers and business partners such as Cameron's expand our commitment to offering sustainable products to millions of guests nationwide.





# NATURAL VITAMINS, SUPPLEMENTS, AND BODY CARE

We offer an unparalleled, unique assortment of vitamins, supplements, and natural body care products, made using strict quality standards and ethically sourced ingredients. Our team works closely with vendors to ensure we offer our customers a comprehensive array of vitamins and supplements to address a wide variety of health needs. We monitor various scientific studies and research to ensure our offerings reflect the latest findings and health trends, while recognizing that the study of nutrition continues to evolve. Of course, in keeping with our “Healthy Living for Less” philosophy, we also prioritize products that offer a compelling value for our customers without jeopardizing quality.



## BODY CARE THAT GIVES BACK



Alaffia body, face, and hair products are made with authentically sourced, traditional West African ingredients, such as nutrient-rich shea and coconut butters. The Alaffia Foundation creates and funds programs that empower communities throughout Togo, West Africa by improving living conditions and supporting an end to poverty. In June 2019, Sprouts donated 5% of sales from all Alaffia purchases to the foundation's Empowerment Campaign, which helps alleviate poverty and achieve gender equality by giving the opportunity of education. Through sales and direct donations, Sprouts raised more than \$25,000 to help build a primary school with furnishings and latrines in Babadé, Togo. Construction on the school will begin in August 2020, and when completed, more than 100 students will have a new, safe building in which to learn, strengthen families and communities, and change lives.





# SPROUTS BRAND

Our stores offer thousands of exclusive Sprouts Brand products that provide customers exceptional variety and value. From organic kitchen essentials to unique and innovative specialty items, Sprouts Brand products are sourced from suppliers in the U.S. and across the globe for the best value, quality, and sustainability.



**EAT WHAT YOU ENJOY**  
*and feel good about it!*

Thousands of responsibly sourced products with certifications and attributes like USDA Organic, Fair Trade and Humane Certified, made with simple and clean ingredients.

