

Policy Owner: Bill LaChapelle, Director A/P and A/R Services

Overview

It is the policy of Sprouts Farmers Market (the "Company") to disburse funds to satisfy its obligations in a manner consistent with appropriate financial controls such that the Company avoids the risks of inappropriate payment, contractual default, penalties and interest, and lost business opportunities (including, but not limited to, loss of favorable discount terms and beneficial float on funds).

This Policy addresses disbursement authority, responsibilities, and other internal control requirements related to cash disbursements for incurred Company obligations, including payroll payments to associates and accounts payable payments to vendors and other third parties, as well as manual wire transfer and ACH payments from bank accounts.

Policy requirements apply to payments made by (1) accounts payable check, (2) electronic funds transfer, (3) ACH electronic funds transfer, and (4) wire transfer.

Policy

This Policy represents the Company's requirements for controls surrounding disbursements made of Company funds. The Policy includes controls and guidelines surrounding disbursement authority, responsibilities, and other internal control guidelines related to cash disbursements for Company obligations, including payroll payments to associates and accounts payable payments to vendors and other third parties. Noncompliance with this policy subjects the Company to risk of financial loss and may result in disciplinary action up to and including termination

Compliance with this policy shall be monitored by the Legal, Finance & Accounting and HR teams. Internal controls set forth in this policy and shall be subject to testing by the Company's Internal Audit team and external auditors on a periodic basis.

Requisition/Pre-Approval of Expenditures

In general, all disbursements are subject to preapproval via an approved requisition/purchase order in Workday (review the [Workday – Procurement training](#) on Sprouts Academy for details). In certain cases, pre-approval via a Workday requisition/purchase order will not be required as follows:

- Goods held for resale – follow alternate store requisition and approval process via DMA and Supply Chain (Itrade)
- Travel & Entertainment expenditures – see [Sprouts T&E policy](#)
- Real estate leases – follow alternate requisition and approval processes for rent, occupancy and related disbursements via Tango, the Company's lease system; refer to the [Workday – Procurement training](#) on Sprouts Academy for details
- Capital – follow alternate requisition and approval process in Workday; refer to the [Capital Projects training](#) on Sprouts Academy for details
- Store repairs & maintenance – follow alternate requisition and approval process in

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- Other Indirect Spend – follow alternate requisition and approval process for the following spend categories for non-PO Invoices as outlined below
 - Income taxes and Indirect taxes
 - Cintas (centralized vendor for Sprouts logo items)
 - Legal and insurance claims and settlements
 - Pitney Bowes and Fedex
 - Scholarships

Authorization Matrix

As outlined in the Sprouts Delegation of Authority policy all requisitions and disbursements are subject to the following limits:

Title	Maximum Approval Limits (USD)	Additional Approval Requirements
Store Manager, Perishable Manager, Non-Perishable Manager & Market Manager	\$5,000	No additional approval required; Perishable & Non-Perishable Manager have standing Delegatic Authority to approve Store Manager initiated purchases up to \$5,000
Department Director ^(a) or Regional Director	\$50,000	No additional approval required
Senior Vice President or Vice President	\$100,000	No additional approval required
ELT Member	\$500,000	No additional approval required
Chief Financial Officer	Unlimited ^(b)	> \$750,000 requires 2nd Approver, President or CEO
President	Unlimited ^(b)	> \$750,000 requires 2 nd Approval by CFO
Chief Executive Officer	Unlimited ^(b)	> \$750,000 requires 2 nd Approval by CFO
a) Represents the assigned Cost Center Owner. For those departments without a Department Director, the Department Manager have the authority limits delegated to Department Directors (subject to an approved Delegation of Authority form).		
b) This is subject to limitations of the Delegation of Approval policy for those items that require full board approval.		

Disbursements may only be approved by Authorized Signers upon receipt and review of documentation sufficient to confirm the business purpose of the payment and the appropriateness of the expenditure amount.

Delegation of Authority

Individuals having a lower level of approval authority than the specified commitment or transaction requires cannot approve such commitment or transaction, except pursuant to a delegation of authority form. Authority may be designated based on business needs or on a temporary basis whenever an individual with approval authority will be out of the office for prolonged periods. Delegations of authority can only be authorized via the Delegation of Authority Form (“DOA”) and approved by the supervisor of the individual who is delegating authority. Approved DOAs should be submitted to the Director of A/P and A/R services in support of the Workday Business Process authorizations. A temporary delegation must specify the effective length of time. Click here for the [Delegation of Authority Policy](#).

Store Gatekeeper

In many cases, the Support Office centrally manages contracts and related expenditures on behalf of store operations. These are generally non-controllable expenditures such as Marketing, Advertising, Divisional/Regional expenses, etc., which are allocated to our stores based on a standard allocation methodology (e.g., pro rata, % of sales or headcount or region). We have established a Store Gatekeeper role in order to facilitate the centralized review, approval and allocation of these expenditures. Allocations will not be allowed for unbudgeted expense under \$250/store.

ACH and Manual Wire Transfers

In general, ACH payment is preferred over live checks and manual wire transfers as it is the lowest cost payment method for the Company (in terms of payment processing costs, loss of funds, float and bank service fees). Manual wire transfers should only be used in cases where time is of critical importance or as required by contract or agreement and should be in amounts not less than \$1,000.

Except for payments made pursuant to any loan agreement or other contract or other written commitment approved in accordance with the Delegation of Authority Policy, all payments made by wire transfer must be approved by the CFO, Controller, VP FP & A, VP Treasury & IR or Director of Treasury. Any wire transfer greater than \$250,000 will require approval of the CFO, including but not limited to those wires in connection with the Company's share repurchase program.

New Supplier Requests and Payment Changes

To onboard a new supplier with Sprouts, a New Supplier Request is completed in Workday. This can be accomplished by the supplier via the self-service [Workday Supplier Onboarding Portal](#) or by completing a New Supplier Request form in Workday. Both of these processes will route the New Supplier requests through Sprouts Management for approval and Data Integrity review for completeness. Changes in payment method can only be made upon an authorized request via the [Supplier portal](#) in Workday or, as an exception, through the Sprouts Supplier Administrator.

Associate Events, Gifts, Prizes and Awards

Department managers may charge to the Company reasonable and prudent costs for team meetings, training or celebrations including:

- food and beverage for occasional team member celebrations, events or meetings;
- gift cards or other "spiff" type awards (e.g., flowers, gift basket) for significant work-related contributions or milestones (guideline is \$25 - \$100 per team member).
Company funds should not be used for team member birthday, holiday or similar gifts.

In general, the fair market value of all gifts, prizes, awards or other free items provided by the Company to a team member in the form of tangible property, services or otherwise must be treated as taxable payroll wages, reported on the associate's Form W-2, and subject to applicable payroll tax withholdings, with the following limited exceptions:

- Occasional workgroup meals, parties on special occasions or during work meetings
- Occasional (not season) theater or sporting events tickets (maximum 4 per occasion)
- Tangible personal property (but not cash or a cash equivalent) having a low fair market value given for illness or family crisis (e.g., flowers, fruit basket); outstanding performance (e.g., plaque, costume jewelry, pin or book); Holiday or birthday (e.g., small company logo items or token gifts)

For example, a gift card for \$25 is considered taxable wages. Whenever an associate has a choice of receiving gifts, prizes, or awards in the form of cash or tangible property, the amount added to the associate's taxable payroll wages will be the higher of the cash amount or the fair market value of the property, regardless of which is chosen.

Tax laws require that the value of taxable gifts, prizes, and awards be included in a team member's payroll wages reported on Form W-2 and subject to federal (and often state and local) income and Social Security (and FUTA) tax withholding. The Company applies federal income tax withholding at the supplemental (or flat) tax rates. Tax withholding can be satisfied either through payroll taxes being withheld from the team member's paycheck (from other wages in the event of taxable prizes in the form of tangible property) or through a payroll tax gross-up by the Company. See also the [Sprout's Travel & Entertainment policy](#) for details.

Department managers should review and ensure that the value of gifts, prizes and awards are included in the team members payroll as required by tax law. If you have a question as to whether or not an item is considered a taxable benefit to the Team Member, please contact the Sprouts Payroll Department at Dept-HR-Payroll@Sprouts.com

Non-PO Invoice Procedures

In certain circumstances, goods or services may be received without an approved requisition and purchase order. While these situations should be the exception, invoices may be processed for payment via Workday, subject to additional approvals as outlined below:

Process Invoice through a Supplier Invoice Request

Supplier Invoice Requests regardless of dollar amount will require the approval of the Cost Center ELT Member for policy exception override. This approval will be automatically included in the Workday approval work flow.

[Click here](#) to be taken to the Quick Reference Guide on how to Create a Supplier Invoice Request.

Related Document(s)

[Delegation of Authority Policy](#)

[Delegation of Authority form](#)

[Travel & Entertainment Policy](#)