



Store Bonus Plan

Effective July 5, 2021

About the Plan

Sprouts Farmers Market (the “company”) offers a quarterly cash incentive plan (the “plan”) for eligible store team members (the “Participants”) to encourage process compliance and overall store performance to promote an atmosphere of camaraderie and teamwork. The plan is designed to:

- Reward exceptional financial performance and operational execution
- Support our company’s pay-for-performance philosophy
- Encourage team members to work together to achieve key business objectives
- Encourage team members to remain employed by the company

Please note that all plan conditions must be satisfied to earn bonus compensation under the plan.

Definition of Terms

Quarterly Target Incentive	Quarterly target incentive is defined as the amount a Participant can earn if the store achieves its financial and non-financial targets and the Participant remains employed on the date of bonus pay-out. When earned, Quarterly target incentive is paid in addition to a Participant’s base salary and may be adjusted during the year to reflect eligible base salary adjustments.
Participant	<p>An individual is eligible to participate in the Plan effective on the date of employment in a qualifying position or the first day of the Plan Year, whichever is later. A Participant earns bonus compensation if he/she is:</p> <ul style="list-style-type: none"> • Employed in an eligible position, as approved by the Plan Administrator • Actively employed in an eligible position for at least seven (7) weeks in the quarter • An active team member on the date the payout is made • Has not received a Performance Improvement Plan, final warning or suspension during the relevant Plain period. <p>Please note no bonus compensation is earned unless all components of the Plan have been met.</p>
Eligible Position	<p>An eligible position is defined as:</p> <p>Group A <i>Quarterly/Annual Payouts</i></p> <p>Any current regular full-time or regular part-time store manager and department manager assigned to a store with the title of Perishable/Non-Perishable Assistant Store Manager, Service Manager, Bakery Manager,</p>



Eligible Position (cont.)	<p>Bulk Manager, Dairy Manager, Deli Manager, Grocery Manager, Fulfillment Manager, Produce Manager, Meat/Seafood Manager, and Vitamin/HBA Manager.</p> <p>Group B <i>Annual PCR Payouts</i> Any current regular full-time or regular part-time Administrative Coordinator, Reciever and Scan Coordinator.</p> <p>Group C <i>Quarterly Payouts only</i> Please see Appendix B for breakdown of other store roles to be paid out on a quarterly basis.</p>
PCR Payout Eligibility	<p>To be eligible for the Process and Control Review (PCR) annual bonus the Participant must be actively employed on the date the bonus is paid and in an eligible position for the full duration of Quarters 3 and 4 of the Plan Year. The PCR bonus is paid based on the PCR of the store the Participant worked at for at least 51% of the year. If the Participant worked at multiple stores during the Plan Year, the store in which they worked for a majority of the Plan Year will be recognized.</p>
Plan Year	<p>The Plan Year is defined to be current with Sprouts' fiscal year.</p>
Controllable Expenses	<p>Controllable expenses are all expenses associated with shrink, labor, and cost of supplies.</p>
Plan Administrator	<p>The Chief Operations Officer, CHRO and/or CFO (or their delegate) are responsible for the interpretation and administration of the Plan. The Plan Administrator has the full power to construe, interpret, administer, change and/or cancel the Plan.</p>
Exception Process	<p>Exceptions may be granted by the Chief Operations Officer on case by case basis.</p>

Plan Overview

Group A & B

Each Participant will have a target bonus based on their role at Sprouts. At the beginning of each Plan Year the Participant will receive notification on the bonus amounts they are eligible for. The bonus amounts by role can be found in Appendix A. Please see the Plan Administration Table for eligibility information following mid-year promotions and/or transfers.

The maximum bonus payout potential is determined according to Participant job title and the average weekly gross sales for the store throughout the bonus period. The tier chart below will be used to determine in which tier the store will be set, based on the store's average weekly sales.



Store Tier	Average Weekly Sales
Tier 1	Less than \$325,000
Tier 2	At least \$325,000

Bonus payouts will be based on two (2) metrics, listed in the table below. The payouts will be either quarterly or annually and will follow the following weighting. The target payouts per role can be found in Appendix A.

Component	Payout Weight	Subcomponents	Measurement/ Payment
Performance	90%	Comparable Store Sales/Controllable Expenses (Forecast)	Quarterly
Process	10%	Process Control Review (PCR)	Annual
Total	100%		

How the Plan Works

Individual store performance will be measured based on two components: Process and Performance (described below). Each component independently provides an opportunity to earn a portion of a bonus payout for qualifying team members.

■ Process – Group A & B

The Process component measures an annual PCR component. The PCR component is paid annually and, in aggregate, comprises approximately 10% of each store's overall yearly bonus payout potential. In order for a Participant to qualify for the Process component, their store must meet or exceed 90% of the PCR target.

■ Performance – Group A

The Performance bonus component is paid quarterly and, in aggregate, comprises approximately 90% of each store's overall yearly bonus payout potential. The Performance bonus components include:

- Quarterly controllable expense target (forecast)
- Quarterly comparable store sales target (forecast)

In order for a Participant to qualify for a bonus in the Performance component, a store must meet or exceed 100% of the quarterly controllable expenses forecast and meet or exceed 95.0% of the quarterly comparable store sales forecast.



The bonus payout will follow the below scale, after 100% of the quarterly controllable expenses target is obtained:

Percent to Target (Comps)	Target Bonus %
110%+	120%
105% - 109.9%	110%
101% - 104.9%	105%
100% - 100.9%	100%
97.5% - 99.9%	75%
95% - 97.49%	50%

To ensure consistency and fairness, the bonus-related payroll line item on a store's P&L (profit and loss statement) will not be included in the calculation of store profitability for the purposes of determining whether the Performance goals are attained.

Comparable store sales forecasts for stores are subject to quarterly reviews based on the implementation of new sales enhancements (remodels, sales initiatives, relocations, etc) and/or competitive intrusion events resulting in the changing of the marketplace.

Group C

In order for a Participant to qualify for a bonus, the store must meet 100% of the quarterly controllable expenses target and meet or exceed 105% of the quarterly comparable store sales target. In any quarter where these qualifications are met, the Participants will receive the one-time quarterly payment as set forth in Appendix B.



Plan Administration

Transitional Period Compensation

Team Member Status	Treatment for Bonus Payments
<i>Termination</i>	The Participant will no longer be eligible to participate in the Plan as of the date of termination as Participants must be employed on date of payment. A bonus is not earned under the plan, and not payable at termination, unless all terms and conditions have been met, including employment on date of payment. At the Company's discretion, bonus awards may be granted in the event of involuntary termination due to layoff, disability or death if the Participant had worked through the last day of the quarter.
<i>Leave of Absence</i>	Time spent in any LOA status is not considered "active employment" for purposes of this Plan. The Participant remains eligible for a payout for any bonus earned while in active status, as long as they meet the eligibility requirements listed in ' <i>Participant</i> ' and ' <i>PCR Eligibility</i> '. Bonus payments for Participants on LOA will be released once the Participant returns to active status.
<i>New to Position or Job Transfer into Higher or Lower Bonus Eligible Position</i>	The Participant must be in an eligible position for at least seven (7) weeks in the quarter. If transferring to a new store, whichever store the Participant spent the most time in will be the basis of the bonus calculation.
<i>Special Work Assignment</i>	If the Participant spent at least seven (7) weeks on Special Work Assignment (SWA), Participant will be eligible based on the SWA job title and store location.
<i>New Stores</i>	<p>A new store automatically qualifies for the Performance component during the first four quarters in which the store opens. The bonus will be paid at 100% of target, no matter the results. For this exception, only Group A will qualify to receive payment during this period. If the store opens late in the quarter, the automatic qualification may be deferred to the following quarter at the discretion of the Plan Administrator. However, the Participant will ultimately be eligible in the store in which they worked for at least seven (7) weeks during the quarter, unless a team member exception request is submitted and approved. The exception does not apply to Participants in Groups B and C.</p> <p>Group A and B Participants will qualify in the Process component for the calendar year in which the store opens. However, an individual Participant is not automatically eligible for the Process component based on the Participants assignment to a new store. Individual Participant eligibility for the Process component of the bonus will be determined based on the "PCR Eligibility" section of the Definitions, unless a team member exception request is submitted and approved.</p> <p>Bonus payments will not be paid on any position that is unfilled.</p>



General Administration

<i>Eligibility within this Compensation Plan</i>	Only the jobs listed as Eligible Position(s) are eligible to participate, and therefore earn compensation under this plan. This plan supersedes any and all previous variable compensation plans the team member may have participated in as of the effective date.
<i>Disqualification of Bonus Payment Due to Discipline</i>	If the Participant has received a performance improvement plan, final warning or suspension with incurred discipline during a Plan Year, that will disqualify them from (i) the bonus for the quarter in which the performance improvement plan, final warning or suspension was issued, and (ii) the annual PCR bonus for that Plan year.
<i>Deductions</i>	Bonuses are considered income by the IRS and are subject to all applicable Federal, state and local taxes, withholdings, wage assignments, garnishments, and savings plans contributions. Sprouts will not be responsible for payments, interest, penalties, costs or expenses incurred as a result of Participant's failure to arrange sufficient withholding of deductions from Plan payments.
<i>Timing of Compensation Payments</i>	Bonuses are paid on a quarterly basis. Payments under this Plan will be made within 60 days of the end of the quarter (Q1 – Q3), and 90 days of the end of Q4, or sooner as required by law.
<i>No Employment Guarantee</i>	This plan shall not be construed to or imply the creation of any employment contract between Sprouts and the Plan Participant. There is no guarantee of employment for any specified period of time. Sprouts is an "at-will" employer and the team member's employment can be terminated at any time by either the team member or Sprouts with or without cause.
<i>Plan Changes and Adjustments</i>	Management reserves the right to amend, change, or terminate this plan or a Participant's eligibility at any time for any reason. Changes may include adjustments, additions or eliminations of plan components, etc. Adjustments may be made for unusual business activity, such as an acquisition.
<i>Plan Interpretation</i>	Any questions or interpretations of this plan not specifically addressed by this document or team management should be submitted in writing to the Plan Administrator, who will review issues related to this plan and will make recommendations for fair and equitable resolutions. Any disputes must be brought up to the Plan Administrator within 30 days of receipt of payment for consideration.
<i>The Plan Document</i>	The Plan Document is intended to explain the guidelines for Participant compensation. The Plan Document is not intended to explain the Participant's work duties or responsibilities.
<i>Choice of Law</i>	The Plan is made in Arizona and shall in all respects be interpreted, enforced, and governed by and under the laws of Arizona except as otherwise required by state law. To the extent anything in the Plan is contrary to the laws of Arizona, state law will prevail. To the extent that any provision of this Plan conflicts with any applicable state or federal law, Sprouts will follow and comply with applicable law and not the conflicting terms of this Plan.



<i>Fraud</i>	Any activities or efforts involving falsifying or manipulating performance metrics or attainment amounts for the purpose of altering bonus earnings will be considered fraud and is grounds for disciplinary actions, including and up to immediate termination of employment. Additionally, any incentive/payment earned because of fraudulent activity, as defined above, will be owed back to Sprouts.
<i>Questions</i>	Any questions about the Plan should be directed to your immediate supervisor or your Regional Director.



Appendix A: Bonus Amounts

Group A

Position Title	Tier	Target Bonus by Position	Performance - Quarterly	Process - Annually
Perishable Assistant Store Manager	1	\$6,320	\$1,400	\$720
Non-Perishable Assistant Store Manager	1	\$6,320	\$1,400	\$720
Service Manager	1	\$4,230	\$950	\$430
Produce Manager	1	\$2,220	\$495	\$240
Bulk Manager	1	\$2,220	\$495	\$240
Grocery Manager	1	\$2,220	\$495	\$240
Vitamin/HBA Manager	1	\$2,220	\$495	\$240
Meat/Seafood Manager	1	\$2,220	\$495	\$240
Deli Manager	1	\$2,220	\$495	\$240
Bakery Manager	1	\$2,220	\$495	\$240
Fulfillment Manager	1	\$2,220	\$495	\$240
Dairy Manager	1	\$2,220	\$495	\$240

Position Title	Tier	Target Bonus by Position	Performance - Quarterly	Process - Annually
Perishable Assistant Store Manager	2	\$7,380	\$1,640	\$820
Non-Perishable Assistant Store Manager	2	\$7,380	\$1,640	\$820
Service Manager	2	\$5,020	\$1,130	\$500
Produce Manager	2	\$2,670	\$595	\$290
Bulk Manager	2	\$2,670	\$595	\$290
Grocery Manager	2	\$2,670	\$595	\$290
Vitamin/HBA Manager	2	\$2,670	\$595	\$290
Meat/Seafood Manager	2	\$2,670	\$595	\$290
Deli Manager	2	\$2,670	\$595	\$290
Bakery Manager	2	\$2,670	\$595	\$290
Fulfillment Manager	2	\$2,670	\$595	\$290
Dairy Manager	2	\$2,670	\$595	\$290

Group B

Position Title	Tier	Target Bonus by Position	Performance - Quarterly	Process - Annually
Administrative Coordinator		\$1,500		\$1,500
Receiver		\$1,500		\$1,500
Scan Coordinator		\$1,500		\$1,500



Appendix B: Below Dept. Manager Payouts – Group C

Each quarter that the store meets or exceeds 105% in comparable store sales in addition to reaching their controllable expenses target, the below TMs will qualify for a one-time payout of the following:

Position Title	Target Bonus by Position
Courtesy Clerk	\$50
Utility Clerk	\$50
Cashier	\$100
Bulk Clerk	\$100
Grocery Clerk	\$100
Bakery Clerk	\$100
Dairy Clerk	\$100
Deli Clerk	\$100
Meat Clerk	\$100
Produce Clerk	\$100
Vitamin Clerk	\$100
Fulfillment Clerk	\$100
Back Up Receiver	\$125
Receiver ⁽¹⁾	\$125
Administrative Coordinator ⁽¹⁾	\$125
Scan Coordinator ⁽¹⁾	\$125
Product Experience Coord	\$125
Back up AC	\$125
Back up Scan	\$125
Head Cashier	\$150
Meat Cutter	\$150
Sales Ambassador	\$150
Senior Deli Clerk	\$150
Senior Bulk Clerk	\$150
Senior Meat Clerk	\$150
Senior Produce Clerk	\$150
Assistant Bakery Manager	\$200
Assistant Deli Manager	\$200
Assistant Grocery Manager	\$200
Assistant Vitamin Manager	\$200
Assistant Meat Manager	\$200
Assistant Produce Manager	\$200

(1) Please note, this quarterly target represents an additional payment over the amounts listed in Appendix A