



## Store Manager 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

<b>Quarterly Target Incentive</b>	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.
<b>Participant</b>	<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"> <li>• Employed in an eligible position, as approved by the Plan Administrator</li> <li>• Actively employed in an eligible position for at least seven (7) weeks in the quarter</li> <li>• An active team member on the date the payout is made</li> <li>• Has not received a Performance Improvement Plan, final warning or suspension during the relevant Plain period.</li> </ul> <p>Please note no bonus compensation is earned unless all components of the Plan have been met.</p>
<b>Eligible Position</b>	An eligible position is defined as any current regular full-time or regular part-time Store Manager.
<b>Actual Eligible Earnings</b>	Total wages earned during the bonus period for time worked or service rendered.
<b>PCR Payout Eligibility</b>	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.
<b>Plan Year</b>	The Plan Year is defined to match the Sprouts' fiscal year.
<b>Controllable Expenses</b>	Controllable expenses are all expenses associated with shrink, labor, and cost of supplies.
<b>Plan Administrator</b>	The Chief Operations Officer, Chief Human Resources Officer and/or Chief Financial Officer (or their delegate(s)) 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.
<b>Exception Process</b>	Exceptions may be granted by the Chief Operations Officer on case by case basis.

## Plan Overview

Each Participant will have a target bonus as a percent of eligible earnings, which is set at an annual target of 25%. Actual payout amount is based on the Participant's actual eligible earnings within the quarter in which the bonus is earned. Please see the Plan Administration Table for eligibility information following mid-year promotions and/or transfers.

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.

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

## 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

The Process component measures an annual PCR component. The PCR component is paid annually and, in aggregate, comprises approximately 10% of each Participants



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

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 component includes

- 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:

<b>Percent to Target (Comps)</b>	<b>Target Bonus %</b>
115%+	(1)
113% - 114.9%	150%
110% - 112.9%	135%
106% - 109.9%	120%
103% - 105.9%	110%
101% - 102.9%	105%
100% - 100.9%	100%
97.5% - 99.9%	75%
95% - 97.49%	50%

*(1) For any sales achievement of 115% of forecast or above, payout will increase by 2% above 150%, with a cap at 200%. For example, if 120% of comparable store sales forecast is achieved (assuming controllable expenses is at least 100%), bonus payout will be 162% of target.*

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.



Example of a bonus payouts, which all assumes 100% achievement of controllable expenses:

	At Target - Full Year	Q1	Q2	Q3	Q4
Salary	\$80,000				
Target Bonus Percent	25%				
Quarterly Performance Payout	\$18,000	\$4,500	\$4,500	\$4,500	\$4,500
Annual PCR Payout	\$2,000				\$2,000
<b>Total Bonus Amount</b>	<b>\$20,000</b>				
<b>Achieved Bonus Percent</b>	<b>100%</b>				

	106% of Comps Target - Each Quarter	Q1	Q2	Q3	Q4
Salary	\$80,000				
Target Bonus Percent	25%				
Quarterly Performance Payout	\$21,600	\$5,400	\$5,400	\$5,400	\$5,400
Annual PCR Payout	\$2,000				\$2,000
<b>Total Bonus Amount</b>	<b>\$23,600</b>				
<b>Achieved Bonus Percent</b>	<b>118%</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 work 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 (4) quarters in which the store opens. The bonus will be paid at 100% of target, no matter the results. 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 for bonus 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.</p> <p>New stores 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>New stores will qualify in the Process component during the calendar year in which the store opens. However, the Participant's eligibility will ultimately be determined based on the eligibility requirements as stated in the '<i>PCR Eligibility</i>' section of the <i>Definitions</i>, unless a team member exception request is submitted and approved.</p> <p>Bonus payments will not be paid on any eligible 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>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 or notice.
<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, but are not limited to, adjustments, additions or eliminations of plan components, and other similar changes. Adjustments may also 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.



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<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.