BE IT RESOLVED: Shareholders request that Sprouts Farmers Market (Sprouts) report to shareholders on the effectiveness of the Company's diversity, equity, and inclusion efforts. The report should be done at reasonable expense, exclude proprietary information, and provide transparency on outcomes, using quantitative metrics for workforce diversity, hiring, promotion, and retention of employees, including data by gender, race, and ethnicity.

SUPPORTING STATEMENT: Quantitative data is sought so that investors can assess and compare the effectiveness of companies' diversity, equity, and inclusion programs.

It is advised that this content be provided through Sprouts' existing sustainability reporting infrastructure. An independent report specific to this topic is not requested.

WHEREAS: More than half of the S&P 500 and over one-third of the Russell 1000 have released, or have committed to release, their consolidated EEO-1 forms, a best practice in diversity data reporting. Companies that release, or have committed to release, more inclusion data than Sprouts include Albertsons Companies, Campbell Soup, Estee Lauder, Philip Morris International, and Target.

As You Sow and Whistle Stop Capital released research in November 2023 that reviewed the EEO-1 reports of 1,641 companies against financial performance metrics from 2016-2021. [1] Within the consumer staples sector, statistically significant positive correlations were found between increased manager diversity and income after tax, return on equity, and return on invested capital.

As of the date of the filing of this proposal, Sprouts had not yet released its consolidated EEO-1 form, nor had it shared sufficient hiring, retention, or promotion data to allow investors to determine the effectiveness of its diversity and inclusion programs.

As detailed below, inclusion indicators are also important in assessing Sprouts' workplace equity efforts and if the Company will be able to successfully build, utilize, and maintain a diverse management team.

Hiring: Studies conducted by economists at the University of Chicago and UC Berkeley found that "discriminating companies tend to be less profitable," stating "it is costly for firms to discriminate against productive workers."[2]

Promotion: Without equitable promotional practices, companies will be unable to build the necessary employee pipelines for diverse management. Women and employees of color experience "a broken rung" in their careers; for every 100 men who are promoted,

[1] https://www.asyousow.org/report-page/2023-positive-relationships-linking-workforce-diversity-and-financial-performance
[2] https://www.nytimes.com/2021/07/29/business/economy/hiring-racial-discrimination.html

only 87 women are. Whereas women of color comprise 18 percent of the entry-level workforce and only 6 percent of executives.[3]

Retention: Retention rates indicate if employees believe a company represents their best opportunity. Morgan Stanley has found that employee retention above industry average can indicate a competitive advantage and higher levels of future profitability.[4]

Investors have reason to be concerned about Sprouts' workplace culture as the Company is facing a class action harassment and discrimination suit.[5]

[3] https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace
[4] https://www.morganstanley.com/im/publication/insights/articles/article_culturequantframework_us.pdf, p. 2
[5] https://caklegal.com/news/major-sexual-harassment-lawsuit-against-sprouts-farmers-market/