

## SPROUTS FARMERS MARKET INC

MEETING DATE	Tue, 30 Apr 2019 8:00 am	TYPE	AGM	ISSUE DATE	Thu, 25 Apr 2019
MEETING LOCATION	Sprouts Farmers Market Store Support Office, 5455 East High Street, Suite 111, Phoenix, Arizona 85054,				
CURRENT INDICES	PIRC Global				
SECTOR	Miscellaneous food stores				

PROPOSALS		ADVICE
1.01	<b>Elect Kristen E. Blum</b> Independent Non-Executive Director.	For
1.02	<b>Elect Shon A. Boney</b> Executive Director. Support recommended.	For
2	<b>Advisory Vote on Executive Compensation</b> The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The CEO's actual bonus for the year represented 92% of his base salary, which is within guidelines. Executive compensation is aligned with peer group averages and is aligned with companies of a similar market capitalisation. Messrs. Lukow, Nielsen, Sanders and Lombardi received a one-time restricted share in connection with performance, some of which vest in less than three years. These kind of discretionary awards are not considered best practice. The compensation rating is: ACC. Triodos abstains on this resolution.	Abstain
3	<b>Appoint the Auditors</b> PwC proposed. Non-audit fees represented 0.74% of audit fees during the year under review and 1.09% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.	For

### SUPPORTING INFORMATION FOR RESOLUTIONS

#### Proposal 2 - Advisory Vote on Executive Compensation

**Disclosure: A-** Performance-based cash bonus is composed of plan EBITDA (75%) and comparable store sales growth (25%). Equity Incentive Compensation (EIC) is awarded through performance Shares (50%) and time-vesting restricted stock awards (50%). Earnings per share is the main performance metric used to award the EIC. Peer groups are disclosed. However, the Company failed to provide the fees it paid the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency.

**Balance: C-** For fiscal 2019, annual incentives was not considered to be excessive. The CEO's actual bonus for the year represented 92% of his base salary, which is within guidelines. Best practice states that all executives should hold at least six times base salary in stocks, currently executives hold two times base salary. Executive compensation is aligned with peer group averages. Messrs. Lukow, Nielsen, Sanders and Lombardi received a one-time restricted share in connection with performance, some of which vest in less than three years. These kind of discretionary awards are not considered best practice. Executive compensation is aligned with companies of a similar market capitalisation.

**Contract: C-** Sprouts Farmers Market Inc. have a strong compensation claw back policy in place that allows for

the recoupment of payment if in the event that misconduct by an executive contributes to a restatement of the financial results. Good reason is not adequately defined.

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