WHEREAS:

To mitigate the worst impacts of climate change, the United Nations has stated that global warming must not increase more than 2 degrees Celsius beyond pre-industrial levels, which implies U.S. carbon dioxide emission reductions of 80% from 1990 levels by 2050. (IPCC 2013). At the 2015 United Nations Conference of Parties in Paris, 195 parties agreed on a pathway to achieve a 2 degree limit.

At $108 billion in sales, Kroger is the 6th largest global retailer, and is 20th on Fortune's 2015 Fortune 500 list (Kroger 10k; Deloitte, 2015; Fortune). Kroger's globally significant carbon emissions – which exceed 29 nations' respective carbon emissions from energy – are not being adequately addressed. (Kroger, "Energy/Carbon" website; IEA, Energy Atlas). Kroger lacks climate targets, and where many companies are reducing carbon, Kroger's 2014 Scope 1 emissions increased from the previous year. Despite its significant carbon footprint, Kroger has installed renewable energy at only 8 of its 3,806 stores, plants, and distribution centers, approximately 0.2% of its locations. (Kroger "Energy/Carbon" website, Factbook).

In contrast, Whole Foods Market offsets its entire power use with renewable energy credits, and Walmart is at 24% renewable power. (Whole Foods, "Green Mission"; Walmart, "Walmart's Approach to Renewable Energy"). Indeed, Whole Foods Market, Walmart, Whole Foods Market, and other food companies including Coca-Cola Enterprises, Mars, Nestle, and Starbucks have committed to working towards 100% renewable energy. (RE100).

Investing in carbon reduction can benefit Kroger's shareholder value. Carbon reduction activities can be lucrative, yielding returns over 30%. ("Lower emissions, higher ROI", Carbon Disclosure Project, 2014). Research indicates that corporate management of climate impacts can lead to improved financial performance, including enhanced return on equity, stronger dividends, lower earnings volatility, and minimized regulatory risk. ("S&P 500 Leaders Report", Carbon Disclosure Project, 2014)

According to Eric Schmidt, Executive Chairman of Google (another RE100 signatory): "Much of corporate America is buying renewable energy […] not just to be sustainable, because it makes business sense, helping companies diversify their power supply, hedge against fuel risks, and support innovation in an increasingly cost-competitive way." ("Google's commitment to sustainability", Google Green Blog, 2014).

BE IT RESOLVED:

Shareholders request that Kroger produce a report, by year end 2016, assessing the climate benefits and feasibility of adopting enterprise-wide, quantitative, time bound targets for increasing Kroger's renewable energy sourcing. The report should be produced at reasonable cost and exclude proprietary information.

SUPPORTING STATEMENT:

Shareholders request that the report include an analysis of options and scenarios for achieving renewable energy targets, for example by using on-site distributed energy, off-site generation, power purchases, and renewable energy credits, or other opportunities management would like to consider, at its discretion.