WHEREAS: The long term interests of shareholders are best served by companies that operate their businesses in a sustainable manner, focused on long term value creation. This is particularly important in the context of climate change. To mitigate the worst impacts of climate change, global warming must be limited to under 2 degrees Celsius (IPCC 2013), a goal consistent with the internationally recognized Paris Agreement.

Kroger is one of the world's largest food retailers, exceeding $115 billion in revenue. It is listed 18th on Fortune's Fortune 500 list and 40th on Fortune's Global 500 list. Despite its size and significant carbon impact, Kroger lags behind its peers in establishing greenhouse gas emission reduction targets. Where most companies are reducing carbon, Kroger's combined Scope 1 & 2 emissions have annually increased since 2013. (Kroger CDP Reports 2012-2017). Investors are concerned that Kroger's globally significant carbon emissions are not being adequately addressed.

One meaningful way Kroger could reduce its carbon footprint is to expand its use of renewable energy. While making some inroads on energy and supply chain efficiency, Kroger has not instituted comprehensive programs to reduce the carbon impact of its power sourcing. Kroger's failure to meaningfully invest in renewable energy is in strong contrast to its peers, which are rapidly and profitably scaling renewable energy. Competitor Walmart installed 145 MW of solar at 364 different sites; Target developed 147 MW of solar at 300 sites, and Costco 51 MW. (https://www.seia.org/solar-means-business-report). Walmart has further committed to 100% renewable electricity, joining other major companies such as Whole Foods Market, IKEA, and Starbucks. (http://there100.org/companies). Target recently announced new science based targets including a 100% renewable energy commitment (https://cleantechnica.com/2017/10/19/target-announces-100-renewable-energy-target-amidst-new-climate-policy), aligning with existing goals to install distributed solar power on 500 more stores and distribution centers by 2020. (Target 2015 Corporate Social Responsibility Report).

According to Eric Schmidt, Executive Chairman of Alphabet Inc., "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 Green Blog 2014).

While Kroger claims it is committed to reducing its carbon footprint, it has yet to make meaningful commitments to shift its massive energy consumption away from fossil fuel sources. Accelerating renewable energy adoption will help Kroger stay competitive and protect Kroger's shareholder value into the future as intensifying climate change imposes growing costs on Kroger's supply chain, physical assets, and shareholders.

BE IT RESOLVED: Shareholders request Kroger produce a report, with board oversight, assessing the climate change risk reduction benefits of adopting quantitative, time-bound, enterprise-wide targets for increasing its renewable energy sourcing. The report should be produced at reasonable cost and exclude proprietary information.

SUPPORTING STATEMENT: Shareholders request the report also include discussion of the business risk Kroger faces from climate change; the potential for renewable energy procurement to reduce such risk; and options for increasing renewable energy adoption.