



TREASURY DEPARTMENT  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG, PA 17120

December 18, 2020

JOSEPH M. TORSELLA  
TREASURER

**DELIVERED VIA CERTIFIED MAIL WITH RETURN RECEIPT**

Christine S. Wheatley  
Corporate Secretary  
The Kroger Company  
1014 Vine Street  
Cincinnati, Ohio 45202-1100

Dear Ms. Wheatley:

On behalf of Pennsylvania Treasury (Treasury), I write to give notice that pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, Treasury hereby jointly files the attached proposal for inclusion in The Kroger Company's 2021 proxy statement, as co-lead filer with the Friends Fiduciary Corporation.

As Treasurer I work to invest and safeguard more than \$100 billion in public funds. I am directly responsible for investing funds belonging to nearly all state agencies in accordance with state law and Treasury's Investment Policy. We are long term investors and take our responsibility as shareholders seriously. There is growing recognition that factors like Environmental, Social and Governance (ESG) considerations can have a significant bearing upon an investment's long-term value and performance. Consistent with its Prudent Person standard, Treasury will incorporate analysis of such strategic factors into its investment decision-making. As investors, we believe that proactively addressing hydrofluorocarbon emissions would help Kroger mitigate potential regulatory and reputational risk.

Treasury currently owns more than 6,318 shares of stock of The Kroger Company. We have held the required number of shares for over one year as of the filing date. As verification, we have enclosed a letter from BNY Mellon, our portfolio custodian and holder of record, attesting to this fact. We intend to hold at least the minimum required number of shares through the date of the Annual Meeting.

A representative of the filers will attend the shareholder meeting to move the resolution. We look forward to meaningful dialogue with your company on the issues raised in this proposal. If you have any questions, please contact Uriah King, Director of Public Policy, Pennsylvania Treasury, at [uking@treasury.gov](mailto:uking@treasury.gov) and Kate Monahan, Shareholder Engagement Manager, Friends Fiduciary Corporation, at [kmonahan@friendsfiduciary.org](mailto:kmonahan@friendsfiduciary.org).

Sincerely,

A handwritten signature in cursive script that reads "Joe Torsella".

Joseph M. Torsella  
State Treasurer

Enclosures

cc: Uriah King, Director of Public Policy, Pennsylvania Treasury  
Kate Monahan, Shareholder Engagement Manager, Friends Fiduciary Corporation



BNY MELLON

135 Santilli Hwy  
AIM: 026-0313  
Everett, MA

December 16, 2020

The Kroger, Co.  
1014 Vine Street  
Cincinnati, OH 45202

Re: Custodian Shareholder Confirmation for Commonwealth of Pennsylvania Treasury ("Fund") / Kroger, Inc., CUSIP: 501044101

To Whom It May Concern:

Bank of New York Mellon ("BNY Mellon") is the record owner of common stock ("Shares") of The Kroger, Co., beneficially owned by the Commonwealth of Pennsylvania Treasury ("Fund") acting through its Treasurer. The shares held by BNY Mellon are held in the Depository Trust Company, in the participant code 901. As of November 18, 2020, the Fund held, and has held continuously for at least one year, 6,318 shares of The Kroger, Co. (CUSIP: 501044101) with a market value greater than \$2,000.00.

Please do not hesitate to contact me should you have any specific concerns or questions.

Sincerely,

Matthew J. Coburn  
Relationship Manager, Director  
PH: 617-382-4228  
Email: matthew.coburn@bnymellon.com

**Whereas:**

Hydrofluorocarbons (HFCs), a common class of refrigerants, are super pollutants with global warming potential (GWP) hundreds to thousands of times greater than CO<sub>2</sub>. Research shows a global phase out of HFCs could preclude up to one-half degree Celsius of warming by 2100.

Kroger identifies “a significant refrigerant capacity in its supermarkets, manufacturing, logistics, and other facilities.” While Kroger has joined the EPA’s *GreenChill* program and seeks “to minimize leakage from our air conditioning and refrigeration units,” it did not meet now expired annual goals to reduce refrigerant related emissions in 2018 or 2019. Kroger’s HFC-related GHG emissions were nearly 1.7 million tons in 2019, accounting for over 68 percent of the Company’s gross global scope 1 carbon footprint. More aggressively addressing HFC emissions would help Kroger achieve its broader climate goals and prepare for regulation.

Ongoing implementation of regulatory updates caused Kroger’s HFC emissions to increase ten percent in 2019, underscoring the need for Kroger to accelerate action to reduce these emissions.

Kroger anticipates significant costs from further regulation, stating: “As the U.S. Climate Alliance develops HFC phase down rules similar to those proposed in the EPA SNAP Rules 20 and 21, higher Global Warming Potential (GWP) refrigerants used by Kroger today could be phased down and would need to be replaced. This would incur significant equipment, labor, and operating costs for Kroger.”

Experts suggest numerous strategies to address refrigerant emissions including, enhanced refrigeration efficiency, preventing leakage, and replacing HFCs with lower GWP refrigerants.

The Consumer Goods Forum, of which Kroger is a member, is committed to phasing out harmful HFCs and has demonstrated ultra-low GWP refrigerants can be cost- and energy-efficient alternatives. Aldi has over 300 HFC-free stores and has committed to using HFC-free technologies in new stores and remodeling projects. Target has installed over 10,300 HFC-free units in its stores.

**Resolved:**

Shareholders request Kroger issue a report, at reasonable cost and omitting proprietary information, describing if, and how, it intends to limit its impact on climate change by increasing the scale, pace, and rigor of its plans to reduce refrigerant-related emissions from its operations.

**Supporting Statement:**

The requested report would address refrigerants released from equipment used in Kroger operations, i.e., refrigerators, chillers, and cooling and air conditioning systems in stores, warehouses, and company vehicles, but exclude refrigerants attributable to the sale of products in Kroger stores. Proponents defer to management’s discretion, but believe meaningful disclosure could include consideration of the benefits and drawbacks of approaches such as:

- Adoption of short-, medium-, and long-term, quantitative targets to reduce refrigerant emissions;
- The installation of ultra-low GWP refrigerants in new refrigeration systems and equipment;

- Strategies to substantially reduce the company's HFC footprint in existing equipment during remodeling or replacement of existing refrigeration systems;
- Limiting leakage and ensuring end of life refrigerant recovery by use of good management practices;
- Increasing refrigeration efficiency.