Resolved:

Shareholders request that Advance Auto Parts (the “Company”), with oversight from the Board of Directors, issue a report describing if, and how, the company plans to reduce its total contribution to climate change. In the report, shareholders seek information on—among other things, at board and management discretion—the relative benefits and drawbacks of adopting quantitative and company-wide goals for increasing the Company’s use of renewable energy and energy efficiency (together, “clean energy”). The report should be issued within one year of the 2021 annual general meeting, be at reasonable cost and omit proprietary information.

Supporting Statement:

The Intergovernmental Panel on Climate Change’s October 2018 report, Global Warming of 1.5 Degrees C, estimates that a 45% reduction in anthropogenic greenhouse gas (GHG) emissions globally is needed from 2010 levels by 2030 to avoid the worst impacts of climate change.

The Company has noted in its 2019 10K filing that “[l]aws enacted to reduce GHG that directly or indirectly affect our suppliers ... could adversely affect our business, financial condition, results of operations and cash flows.” Thus, adoption of time-bound, quantitative goals to increase use of clean energy and other GHG-reducing measures could serve as a practical step towards mitigating regulatory risks and saving energy costs.

Renewable energy sources like wind and solar have become some of the most cost effective ways to bring down GHG emissions and insulate the company from climate risks. In fact, some companies have entered into power purchase agreements with utilities to buy wind power because “[o]nshore wind is cheaper than new gas-fired plants for bulk electricity generation in most areas of the U.S.” according to the 2019 Sustainable Energy in America Factbook (Bloomberg). In addition, a 2018 report from Lawrence Berkeley National Laboratory found that corporate investments in improving energy efficiency cost about one-quarter the average cost of buying the same amount of grid electricity.

Unfortunately, the Company lacks specific goals for renewable energy or energy efficiency measures. A number of corporations have set emission reduction or clean energy goals to drive their decision-making and performance. Over 260 companies have made a commitment to adopting 100% renewable energy.¹ For instance, other retail companies such as Target and Walmart have committed to procure 100 percent renewable electricity. Walmart has set energy intensity improvement goals for both its operations and its supply chain. Walmart also plans to electrify its entire vehicle fleet by 2040, reducing emissions to zero. Best Buy has set a goal to reduce consumer GHG emissions 20% by 2030 through sales of energy-efficient products. All three companies have set ambitious GHG reduction goals.

Accordingly, we urge the Company to consider the benefits of setting goals to increase usage of clean energy and adopting other measures in order to take practical steps to reduce its contribution to climate change.

¹ https://www.re100.org/re100-members