Module: Introduction

Page: Introduction

CC0.1

Introduction
Please give a general description and introduction to your organization.

W.W. Grainger, Inc., incorporated in the State of Illinois in 1928, is a broad-line distributor of maintenance, repair and operating (MRO) supplies and other related products and services used by businesses and institutions. Grainger uses a multichannel business model to provide customers with a range of options for finding and purchasing products, utilizing sales representatives, direct marketing materials, catalogs and eCommerce. Grainger serves more than 2 million customers worldwide through a network of highly integrated branches, distribution centers, websites and export services.

CC0.2

Reporting Year
Please state the start and end date of the year for which you are reporting data.
The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.
We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.
Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed	Fri 01 Jan 2016 - Sat 31 Dec 2016

CC0.3

Country list configuration

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country

CC0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD($)

CC0.6

Modules

As part of the request for information on behalf of investors, companies in the electric utility sector, companies in the automobile and auto component manufacturing sector, companies in the oil and gas sector, companies in the information and communications technology sector (ICT) and companies in the food, beverage and tobacco sector (FBT) should complete supplementary questions in addition to the core questionnaire.
If you are in these sector groupings, the corresponding sector modules will not appear among the options of question CC0.6 but will automatically appear in the ORS navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.
If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below in CC0.6.

Further Information

Module: Management

Page: CC1. Governance

CC1.1

Where is the highest level of direct responsibility for climate change within your organization?

Board or individual/sub-set of the Board or other committee appointed by the Board

CC1.1a

Please identify the position of the individual or name of the committee with this responsibility

James T. Ryan, Board member and Chairman of the Board

CC1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	All employees	Environment/Sustainability managers
The type of incentives	Monetary reward	Monetary reward
Incentivized performance indicator	Energy reduction project	Emissions reduction target
Comment	Employees of Grainger's U.S. business are eligible for profit sharing based on the company's annual financial performance. Grainger's energy reduction and efficiency projects reduce the company's utility expenses, which make up about 1% of Grainger's total operating expenses in the U.S., and therefore do have some minimal effect on the monetary profit sharing award provided to employees.	Managers receive annual salary increases based on the performance relative to their goals set each year. The Senior Manager of Global Sustainability has a goal to reduce Grainger's Carbon Intensity by 33% in 2020. This manager is rewarded based on this key performance indicator, Scope 1 and Scope 2 GHG emissions divided by total revenue of North American business operations.

Further Information

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company- wide risk management processes

CC2.1a

Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	Annually
To whom are results reported?	Board or individual/sub-set of the Board or committee appointed by the Board
Geographical areas considered	North America
How far into the future are risks considered?	> 6 years
Comment	N/A

CC2.1b

Please describe how your risk and opportunity identification processes are applied at both company and asset level

i) Scope of the Process: Grainger's risk management process includes weather-related impacts and regulatory requirements related to climate change and climate change mitigation. ii) How risk/opportunities are assessed at a company level: Climate change topics are assessed at a GHG workshop once a year. Business partners from each area of the business that impacts Grainger’s GHG inventory and climate change strategy discuss our progress and develop the plan for the future. Specific projects, company level risks, and company level opportunities are discussed. iii) How risks/opportunities are assessed at an asset level: Grainger conducted a Business Impact (BI) analysis to analyze risks and quantify major exposures to Grainger facilities within its supply chain. The outcomes include prioritization of key facilities or processes by quantifying the significant impact of exposures facing the organization against specific threats (e.g. physical risks/loss).

CC2.1c

How do you prioritize the risks and opportunities identified?

The process to identify priorities for physical risks is based upon locations that distribute the highest average monthly volume and the longest recovery period. The recovery period is defined as the time it would take to rebuild a large distribution center in the event of complete loss.

CC2.1d

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process
Do you plan to introduce a process?
Comment

CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

i) Internal process for influencing the strategy/How the business strategy has been influenced: Grainger's climate change strategy has been influenced by a cross functional working group within the company. The team includes, but is not limited to the Corporate Social Responsibility team, community affairs, corporate facilities, environmental, health and safety, transportation, product management, legal and sustainability departments. The Sustainability department collects and monitors data around climate change on an ongoing basis to align current projects to the company's goal to reduce its GHG intensity. First, a project and it's benefits and impacts of a climate change strategy are presented by this team to leadership of the business unit to gain organizational alignment around investing in our climate change reduction strategy. Secondly, the business unit verifies the improvements. Then, the climate change mitigation project is either approved or denied based on the impact to climate change, and the financial value for the shareholders. One example of how this integrated internal process has shaped strategy for Grainger is the introduction of a GHG intensity reduction initiative to reduce intensity by 33%. A Second example is Grainger's efforts to increase recycling rates in our largest facilities which reduces GHG in our supply chain. Both examples provide a strategic advantage through cost reductions and efficiencies.

ii) Substantial business decisions: Grainger's goal to reduce GHG emissions intensity by 2020 was a driver in the decision to make and upgrade to the building management systems in Grainger's Dallas distribution center location. Additionally, Grainger commenced work on a new solar photovoltaic project to increase renewable energy production at a distribution facility in 2016.
iii) Aspects of Climate Change that influence long term strategy: The aspects of climate change that have influenced Grainger's long term strategy are opportunities and risks associated with rising greenhouse gas emissions and rising energy expenses, as well as opportunities to meet customer demand for greener products that help customers reduce environmental impacts and costs while adapting to climate change. Additionally, Grainger has adopted energy efficiency strategies to help improve Grainger's GHG intensity at its largest facilities to reach the reduction goal of 33% from 2011 to 2020.
iv) Short-term strategy components (present to 1 year): The following are examples of how climate change has influenced Grainger's short-term business strategies. Grainger is increasing the importance of building energy efficient facilities. Grainger is committed to building LEED-certified facilities and is in the process of certifying a LEED facility in 2016: A potential LEED NC Gold distribution center in Bordentown, NJ. Additionally, Grainger is retrofitting its largest facilities with building management systems which reduce energy use by up to 15%. In 2016, Grainger completed a project for its Dallas distribution center. These strategies are currently active and all reduce energy consumption for the business, which affects Grainger's emissions intensity reduction goal.

v) Long-term strategy components (More than one year): The following are examples of how climate change has influenced Grainger's long-term business strategies. Grainger is making renewable energy, energy efficiency, and green products a priority for the future. We have invested in clean energy (4.1 MW of solar capacity between two distribution centers in New Jersey and California), annually invest in energy efficiency projects (LED Lighting retrofits, retro-commissioning, etc.), manage midstream utility rebates for customers to install energy efficient lighting, and Grainger offers more than 70,000 environmentally preferred products.

vi) Strategic Advantage: Grainger has a competitive edge because it has a robust energy efficient product offering, products such as efficient lighting, V-belts, energy efficient motors, and more. Additionally, Grainger set up processing utility rebates for the customer on energy efficient lighting. This combination of products and services increases Grainger's relevance to the customer aiding our ability to be the first choice provider for product and services in the MRO space. Also, reducing Grainger's energy use per square foot in our facilities reduces our expenses, allowing Grainger to create profits more efficiently.

CC2.2b

Please explain why climate change is not integrated into your business strategy

CC2.2c

Does your company use an internal price on carbon?

No, and we currently don't anticipate doing so in the next 2 years

CC2.2d

Please provide details and examples of how your company uses an internal price on carbon

CC2.3

Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Trade associations

CC2.3a

On what issues have you been engaging directly with policy makers?

Focus of legislation
Corporate Position
Details of engagement
Proposed legislative solution

CC2.3b

Are you on the Board of any trade associations or provide funding beyond membership?

No

CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association
Is your position on climate change consistent with theirs?
Please explain the trade association's position
How have you, or are you attempting to, influence the position?

CC2.3d

Do you publicly disclose a list of all the research organizations that you fund?

CC2.3e

Please provide details of the other engagement activities that you undertake

CC2.3f

What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Grainger belongs to a limited number of trade associations and participates in educational events held by these groups on sustainability topics. The company's process is to periodically review the trade associations' sustainability materials and report our sustainability activities to these organizations. Grainger does not take part in influencing trade associations regarding climate change.

CC2.3g

Please explain why you do not engage with policy makers

Further Information

Page: CC3. Targets and Initiatives

CC3.1

Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

Intensity target

CC3.1a

Please provide details of your absolute target

ID
Scope
% of emissions in scope
% reduction from base year
Base year
Base year emissions covered by target (metric tonnes CO2e)
Target year
Is this a science-based target?
Comment

CC3.1b

Please provide details of your intensity target

ID	Int1
Scope	Scope 1+2 (market-based)
% of emissions in scope	100%
% reduction from base year	33%
Metric	Metric tonnes CO2e per unit revenue
Base year	2011
Normalized base year emissions covered by target	142306
Target year	2020
Is this a science-based target?	No, and we do not anticipate setting one in the next 2 years
Comment	

CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Int1
Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	Increase
% change anticipated in absolute Scope 1+2 emissions	21
Direction of change anticipated in absolute Scope 3 emissions at target completion?	
% change anticipated in absolute Scope 3 emissions	
Comment	

CC3.1d

Please provide details of your renewable energy consumption and/or production target

ID
Energy types covered by target
Base year
Base year energy for energy type covered (MWh)
% renewable energy in base year
Target year
% renewable energy in target year
Comment

CC3.1e

For all of your targets, please provide details on the progress made in the reporting year

ID	Int1
% complete (time)	67%
% complete (emissions or renewable energy)	65%
Comment	

CC3.1f

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

CC3.2

Do you classify any of your existing goods and/or services as low carbon products or do they enable a third party to avoid GHG emissions?

Yes

CC3.2a

Please provide details of your products and/or services that you classify as low carbon products or that enable a third party to avoid GHG emissions

Level of aggregation
Description of product/Group of products
Are you reporting low carbon product/s or avoided emissions?
Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions
% revenue from low carbon product/s in the reporting year
% R&D in low carbon product/s in the reporting year
Comment

CC3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Under investigation	To be implemented*	Implementation commenced*	Implemented*	Not to be implemented
Number of projects	0	0	1	8	0
Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)	0	0	2009	3054	0

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Energy efficiency: Building services		Energy efficiency: Building services		Energy efficiency: Building services		Energy efficiency: Processes		Energy efficiency: Building services		Energy efficiency: Building services	Energy efficiency: Processes	Energy efficiency: Processes
Description of activity	Installation of new Building Management System (Energy Management System) at the Dallas Distribution Center		Lighting retrofit of the existing parking lot lighting with new LED fixtures at the Grainger Lake Forest Headquarters Building		HVAC Replacements at (62) Branch Locations		Decommission of Branch Sites closed to the public and internal operations but still owned or leased.		Illinois Distribution Center Retro-commissioning Project		Lighting Retrofit of Existing HID Fixtures with new LED Lighting Fixtures at three (3) Grainger Branches.	Change in operations and decommissioning and consolidation of IT systems at Niles Data Center	Operations transfer of NJDC to NEDC
Estimated annual CO2e savings (metric tonnes CO2e)	482		58		280		973		416		45	715	85
Scope	Scope 1	Scope 2 (market-based)	Scope 1	Scope 2 (market-based)	Scope 1	Scope 2 (market-based)	Scope 1	Scope 2 (market-based)	Scope 1	Scope 2 (market-based)	Scope 2 (market-based)	Scope 2 (market-based)	Scope 2 (market-based)
Voluntary/ Mandatory	Voluntary		Voluntary		Voluntary		Voluntary		Voluntary		Voluntary	Voluntary	Voluntary
Annual monetary savings (unit currency - as specified in CC0.4)	64995		5712		11444		195371		35982		7350	104000	24145

Investment required (unit currency - as specified in CC0.4)	412550	159900	865056	0	15300	33700	20000	0
Payback period	4-10 years	>25 years	21-25 years	<1 year	1-3 years	1-3 years	<1 year	<1 year
Estimated lifetime of the initiative	21-30 years	21-30 years	11-15 years	>30 years	6-10 years	21-30 years	>30 years	>30 years
Comment								

CC3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Dedicated budget for energy efficiency
Comment	Each year Grainger dedicates a portion of its capital and expense budget toward energy efficiency projects within its real estate portfolio.

CC3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

Page: CC4. Communication

CC4.1

Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	In voluntary communications
Status	Complete
Page/Section reference	24-29
Attach the document	https://www.cdp.net/sites/2017/61/22861/Climate Change 2017/Shared Documents/Attachments/CC4.1/Grainger_2017_Corporate_Responsibility_Report.pdf
Comment	

Further Information

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1

Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
Risks driven by changes in physical climate parameters
Risks driven by changes in other climate-related developments

CC5.1a

Please describe your inherent risks that are driven by changes in regulation

Risk driver	Uncertainty surrounding new regulation
Description	Regulations directed towards reducing greenhouse gas emissions may increase utility costs. Examples of this include the Clean Air Act, and the subsequent EPA New Source Performance Standards for any new power plant in the US. Increased utility costs would increase operational costs for Grainger's facilities located in the United States.
Potential impact	Increased operational cost
Timeframe	>6 years
Direct/Indirect	Indirect (Supply chain)
Likelihood	More likely than not
Magnitude of impact	Low
Estimated financial implications	Regulation of GHG emissions has the potential to impact utility costs. Changes in legal and regulatory environments could increase the cost of doing business. Utility costs may increase in the future, but it will have a relatively small financial impact. Grainger has calculated that if regulations were to affect utility costs 10% there would be an estimated increase in operating expense of 1%.
Management method	Grainger is conducting energy efficiency upgrades in existing facilities and building new facilities to energy efficient standards. In 2016 Grainger operated 18 LEED facilities in the US, Canada, and Mexico. Additionally, in 2016, Grainger implemented 8 energy efficiency projects, including but not limited to lighting upgrades, which will reduce the facilities future energy requirements.
Cost of management	The cost of these 8 energy efficiency/renewable energy projects totaled approximately $1.5M.

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	Change in precipitation extremes and droughts
Description	Changes in precipitation extremes could cause flooding for respective Grainger locations considered to be in a 100 year flood zone. In the event of extreme flood conditions the respective location will be inoperable for an unknown period of time. In addition, there could be considerable damage to stocked inventory within a given location that can no longer be sold to customers.
Potential impact	Inability to do business
Timeframe	>6 years
Direct/Indirect	Direct
Likelihood	About as likely as not
Magnitude of impact	Low
Estimated financial implications	Financial Impacts due to the loss of sales and loss of inventory. Increased severity of precipitation has the potential to increase this small financial impact. Grainger has calculated that complete loss a building in a flood/severe storm region would cost the business at least $50M and less than that in 99% of Grainger's buildings.
Management method	This risk is mitigated by locating more than 97% of the Grainger locations outside of 100-year flood zones. This means roughly 3% of Grainger locations reside in a 100-year flood zone. Grainger has mitigated the risk of total loss by implementing contingency plans so that the remaining locations around the country are well positioned to serve affected communities and customers. This risk is evaluated when buildings are built or relocated. Additionally, in 2016, Grainger implemented upgrades to the buildings envelopes, including re-roofing, to protect from extreme weather.
Cost of management	Grainger spent approximately $60M on maintenance to buildings and improvements to Grainger Properties and other critical assets in 2016.

CC5.1c

Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Changing consumer behavior
Description	Grainger sells environmentally preferred products, so we must maintain an environmentally responsible reputation or else we run the risk of reduced demand for our products. Grainger's continued success is substantially dependent on positive perceptions of Grainger's reputation. Reducing our GHG emissions intensity will support Grainger's continued success.
Potential impact	Reduced demand for goods/services
Timeframe	>6 years
Direct/Indirect	Direct
Likelihood	About as likely as not
Magnitude of impact	Low-medium
Estimated financial implications	One of the reasons why customers choose to do business with Grainger and why employees choose Grainger as a place of employment is the reputation that Grainger has built over 85+ years. To be successful in the future, Grainger must continue to preserve, grow and leverage the value of its brand. Reputational value is based in large part on perceptions of subjective qualities. If Grainger's reputation was negatively impacted, it could lead to a reduction in customer demand which could negatively impact the company's revenue. The financial implication to a negative effect on Grainger's climate change reputation could be a decline in environmentally preferred product sales. If there was a 5% reduction in environmentally preferred product sales, it would result in a sales decline of approximately $28M.
Management method	Grainger has implemented a Corporate Social Responsibility working group to focus on stakeholder views around its corporate citizenship and Grainger's business practices. The CSR group includes but is not limited to community affairs, environmental, legal, health and safety and sustainability functional areas who more specifically track trends around climate change. Grainger also takes the opportunity to further enhance its reputation by communicating a commitment to sustainability through the CDP. Also, in April of 2017, Grainger published its 5th annual CSR Report and throughout the year answered customer specific questionnaires.
Cost of management	The incremental cost of these methods is $0. Grainger has approximately the equivalent of 5.5+ full time employees dedicated to corporate social responsibility.

CC5.1d

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1e

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1f

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Page: CC6. Climate Change Opportunities

CC6.1

Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation
Opportunities driven by changes in physical climate parameters
Opportunities driven by changes in other climate-related developments

CC6.1a

Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	Product labeling regulations and standards
Description	As emerging environmental product standards take effect, new, more sustainable products and services are available to the marketplace through Grainger's product assortment. This could lead to an increased demand for new, environmentally preferable and sustainable products. Product standards such as GREENGUARD GOLD, Green Seal Certified and Safer Choice are important certifications to offer customers who want to select green and sustainable choices in the products they are purchasing for their companies.
Potential impact	Increased demand for existing products/services
Timeframe	1 to 3 years
Direct/Indirect	Direct
Likelihood	Virtually certain
Magnitude of impact	Medium
Estimated financial implications	Grainger’s dedication to managing and verifying products with green or sustainable certifications and attributes allows our customers to make an informed choice when selecting products. As our capabilities in this space become more sophisticated there is a potential for increased revenue from the Government and Healthcare sectors – which increasingly demand a higher percentage of their purchased products to be certified green or sustainable. In a 2012 press release issued by Johnson & Johnson they referenced a 2012 study conducted by SK&A who surveyed key decision makers within Institutional Delivery Networks and hospitals on the importance of green/sustainability on their purchasing decisions. The survey found that nearly one-third of current requests for proposals for medical products include green attributes, while key decision makers expect nearly 40% of future requests for proposals to include green attributes.
Management method	We continually receive requests from all segments of our customer base for green and sustainable product options. Grainger is making an increased effort to maintain product content by working closely with Underwriters Laboratories Environmental (ULE) to verify the claims made by our suppliers. Each product which is noted with a green or sustainable certification or attribute is reviewed and verified by ULE. Products that are verified are given a Green Leaf on Grainger.com while those that don’t pass have the certification or attribute removed in our product content. Through our partnership with ULE we regularly update or revise the certification or attribute product information options for our suppliers.
Cost of management	Because of the verification services which are performed by ULE we have engaged into a verification process contract with them in the amount not to exceed $33,375 depending on the amount of work which is performed by ULE in 2017.

CC6.1b

Please describe your inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Induced changes in natural resources
Description	As the leading distributor of facility maintenance products in North America, Grainger has a network of approximately 5,000 suppliers to assist in identifying and sourcing products that help businesses reduce the need of natural resources such as water, fuel, etc. Grainger offers over 1,600,000 stocked catalog products including over 70,000 products geared toward energy conservation, water conservation, green cleaning, indoor air quality and waste reduction. Grainger has an opportunity to provide environmentally preferable products to customers to help our them become more resilient in facing the impacts of climate change, like flooding, storms, drought or extreme temperature. Additionally, these products help minimize impact to the environment, this reduced impact will lessen the risks associated with changes in natural resources. As climate change may affect these, we believe there will be an increase in demand/sales of these green products.
Potential impact	Increased demand for existing products/services
Timeframe	1 to 3 years
Direct/ Indirect	Direct
Likelihood	About as likely as not
Magnitude of impact	Medium
Estimated financial implications	Potential financial implications: Grainger sold over $556M in environmentally preferred products in 2016. The ability to service our customers, when presented a change in natural resource availability, helps them reduce or manage risks. If Grainger could increase sales of green products by 10% it could increase revenue by approximately $56M annually. Reducing the customer demand for natural resources also provides them the ability to reduce their operational expenses. This business is growing year over year. Additional financial implications could include a potential increase in sales volume for Grainger due to more product depth and breath available in the marketplace. The financial implications of this opportunity are currently a small portion of sales.
Management method	In order to manage this opportunity, Grainger has implemented several category teams to address specific needs of customers. This includes energy reduction teams around lighting, marketing teams to communicate to customers, etc. One team did an expansion of its emergency preparedness and safety offering to make more products available on demand. To do this, the product managers identified products that would be in useful for emergency preparedness and safety. Additionally, Grainger implemented a sourcing effort around disease prevention, focusing on the safety equipment needed in case of a major outbreak. History has shown that in times of extreme weather conditions, or natural disasters, there is an increased risk of health epidemics. To combat this potential problem of increased risk caused by climate change, Grainger prepared by sourcing large quantities of hazmat suits, and other equipment for its customers.
Cost of management	Because of advanced preparation, the incremental cost of these methods is $0. Grainger employs the equivalent of 1+ full time employees to market sustainability products, with support from over 90 full time employees dedicated to product management.

CC6.1c

Please describe your inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Reputation
Description	Grainger sells environmentally preferable products, so we must maintain an environmentally responsible reputation. We have the opportunity of increased demand for our products based on customer awareness of Grainger's sustainable product offering and reputation as a sustainable company . Grainger's continued success is substantially dependent on positive perceptions of Grainger's reputation.
Potential impact	Increased stock price (market valuation)
Timeframe	1 to 3 years
Direct/ Indirect	Direct
Likelihood	About as likely as not
Magnitude of impact	Low
Estimated financial implications	Grainger has built its reputation over many years. To be successful in the future, Grainger must continue to preserve, grow and leverage the value of its brand. This reputational risk also provides Grainger the opportunity to expand its product and service offering, upgrade its facilities, and operate its business in a more sustainable manner. The financial implications of the green product sales growth exceed $556M in environmentally preferable product sales in 2016, a sector of the business that has typically grown year over year. If Grainger could increase sales of environmentally preferable products by 10% it would earn approximately $56M more annually. Additionally, Grainger has shown improvement year over year aligning itself as a sustainable company, reducing its risks of climate change, and increasing its efficiency. Because green product sales a growing business for Grainger and it is becoming more environmentally efficient, it will positively affect market valuation.
Management method	Grainger's cross functional Corporate Social Responsibility (CSR) team engages with stakeholders around our brand and reputation. The CSR group includes but is not limited to the investor relations, environmental, health and safety and sustainability functional areas. The sustainability team tracks trends around climate change and the opportunity to further enhance our reputation by communicating our commitment. Grainger's Sustainability team has implemented countless initiatives to reduce the company's impact on the environment, which also creates a positive corporate reputation. These programs include, but are not limited to, recycling standardization, renewable energy installations, and team member engagement workshops. Grainger also takes the opportunity to further enhance our reputation by communicating our commitment to sustainability through disclosure like the CDP, Grainger's Annual CSR Report and customer specific questionnaires. In 2017 Grainger released its 5th Annual CSR Report.
Cost of management	The initial cost to invest in these initiatives ranges from $10K to $4M, from recycling bins to solar installation to reputation management. The incremental cost of these methods, after initial investment, ranges from $0-$20,000 maintenance costs. The incremental cost in communicating these initiatives is $0.

CC6.1d

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1e

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1f

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Scope 1	Scope 2 (location-based)	Scope 2 (market-based)
Base year	Sat 01 Jan 2011 - Sat 31 Dec 2011	Tue 06 Jun 2017 - Tue 06 Jun 2017	Sat 01 Jan 2011 - Sat 31 Dec 2011
Base year emissions (metric tonnes CO2e)	40275		102031

CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use	The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

CC7.3

Please give the source for the global warming potentials you have used

Gas	CO2	CH4	N2O
Reference	IPCC Fifth Assessment Report (AR5 - 100 year)	IPCC Fifth Assessment Report (AR5 - 100 year)	IPCC Fifth Assessment Report (AR5 - 100 year)

CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy
Emission Factor
Unit
Reference

Further Information

Attachments

https://www.cdp.net/sites/2017/61/22861/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC7.EmissionsMethodology/Grainger - 2016 Emissions Factors.xlsx

Page: CC8. Emissions Data - (1 Jan 2016 - 31 Dec 2016)

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

40883

CC8.3

Please describe your approach to reporting Scope 2 emissions

Scope 2, location-based	We are reporting a Scope 2, location-based figure
Scope 2, market-based	We are reporting a Scope 2, market-based figure
Comment	

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

Scope 2, location-based	100352
Scope 2, market-based (if applicable)	96180
Comment	

CC8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

CC8.4a

Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

Source	Locations outside the US, Canada, Mexico, or Panama are not included.
Relevance of Scope 1 emissions from this source	Emissions are relevant but not yet calculated
Relevance of location-based Scope 2 emissions from this source	Emissions are relevant but not yet calculated
Relevance of market-based Scope 2 emissions from this source (if applicable)	Emissions are relevant but not yet calculated
Explain why the source is excluded	Complete data is not yet available. The missing data is from non-North American Grainger facilities and newly acquired businesses.

CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope	Scope 1	Scope 2 (location-based)	Scope 2 (market-based)
Uncertainty range	More than 2% but less than or equal to 5%	More than 2% but less than or equal to 5%	More than 2% but less than or equal to 5%
Main sources of uncertainty	Data Management	Data Management	Data Management
Please expand on the uncertainty in your data	Since Grainger's GHG inventory is compiled from a number of data sources, there is the possibility of some human error in the data transfer process. Granger has put in place internal audits and data quality checks to mitigate this source of uncertainty.	Since Grainger's GHG inventory is compiled from a number of data sources, there is the possibility of some human error in the data transfer process. Granger has put in place internal audits and data quality checks to mitigate this source of uncertainty.	Since Grainger's GHG inventory is compiled from a number of data sources, there is the possibility of some human error in the data transfer process. Granger has put in place internal audits and data quality checks to mitigate this source of uncertainty.

CC8.6

Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance process in place

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Verification or assurance cycle in place	Annual process
Status in the current reporting year	Complete
Type of verification or assurance	Limited assurance
Attach the statement	https://www.cdp.net/sites/2017/61/22861/Climate Change 2017/Shared Documents/Attachments/CC8.6a/Grainger 2016 GHG Verification statement.pdf
Page/section reference	1-3
Relevant standard	ISO14064-3
Proportion of reported Scope 1 emissions verified (%)	100

CC8.6b

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emission Monitoring Systems (CEMS)

Regulation
% of emissions covered by the system
Compliance period
Evidence of submission

CC8.7

Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

Third party verification or assurance process in place

CC8.7a

Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	Location-based	Market-based
Verification or assurance cycle in place	Annual process	Annual process
Status in the current reporting year	Complete	Complete
Type of verification or assurance	Limited assurance	Limited assurance
Attach the statement	https://www.cdp.net/sites/2017/61/22861/Climate Change 2017/Shared Documents/Attachments/CC8.7a/Grainger 2016 GHG Verification statement.pdf	https://www.cdp.net/sites/2017/61/22861/Climate Change 2017/Shared Documents/Attachments/CC8.7a/Grainger 2016 GHG Verification statement.pdf
Page/Section reference	1-3	1-3
Relevant standard	ISO14064-3	ISO14064-3
Proportion of reported Scope 2 emissions verified (%)	100	100

CC8.8

Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	No additional data verified
Comment	

CC8.9

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

Further Information

Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2016 - 31 Dec 2016)

CC9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

CC9.1a

Please break down your total gross global Scope 1 emissions by country/region

Country/Region	United States of America	Canada	Mexico	Panama
Scope 1 metric tonnes CO2e	29405	11478	0	0

CC9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

CC9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division
Scope 1 emissions (metric tonnes CO2e)

CC9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility
Scope 1 emissions (metric tonnes CO2e)
Latitude
Longitude

CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)

CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)

Further Information

Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2016 - 31 Dec 2016)

CC10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

CC10.1a

Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	United States of America	Canada	Mexico	Panama
Scope 2, location-based (metric tonnes CO2e)	87920	7989	4141	302
Scope 2, market-based (metric tonnes CO2e)	83892	7845	4141	302
Purchased and consumed electricity, heat, steam or cooling (MWh)	158925	24991	7527	846
Purchased and consumed low carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)	5451	0	0	0

CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

CC10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division
Scope 2, location-based (metric tonnes CO2e)
Scope 2, market-based (metric tonnes CO2e)

CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility
Scope 2, location-based (metric tonnes CO2e)
Scope 2, market-based (metric tonnes CO2e)

CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity
Scope 2, location-based (metric tonnes CO2e)
Scope 2, market-based (metric tonnes CO2e)

Further Information

Page: CC11. Energy

CC11.1

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

CC11.2

Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	Heat	Steam	Cooling
MWh	0	0	0

CC11.3

Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

203903

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	Natural gas	Motor gasoline	Jet gasoline	Propane
MWh	161867	32976	7453	1607

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

Basis for applying a low carbon emission factor	Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company
MWh consumed associated with low carbon electricity, heat, steam or cooling	5451
Emissions factor (in units of metric tonnes CO2e per MWh)	0
Comment	Grainger has 3MW solar array in New Jersey and a 1MW solar array in California. We have sold those RECs to help finance the projects, then repurchase US Green Power RECs.

CC11.5

Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	196894
Consumed electricity that is purchased (MWh)	191443
Total electricity produced (MWh)	5451
Total renewable electricity produced (MWh)	5451
Consumed renewable electricity that is produced by company (MWh)	5451
Comment	

Further Information

Page: CC12. Emissions Performance

CC12.1

How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

CC12.1a

Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

Reason	Emissions reduction activities	Divestment	Acquisitions	Mergers	Change in output	Change in methodology	Change in boundary	Change in physical operating conditions	Unidentified	Other
Emissions value (percentage)	2.1	0.6				0.5		1.4	1.5	1.5
Direction of change	Decrease	Decrease				Decrease		Decrease	Decrease	Decrease
Please explain and include calculation	Grainger is constantly evaluating its assets to ensure the business can meet a growing customer demand. As a result of this growing demand on our facilities, Grainger invested approximately $1.5M on its branch, distribution center and administrative facilities on energy efficient projects and activities, such as the	In 2016, more than 85 percent of Grainger's US orders were delivered directly to customers, which means less activity in the branches. Grainger restructured its stand-alone branch network in the U.S. from 411 branches in 2006 to 254 branches in 2016. Based on previous year usage this resulted in an absolute reduction of 933 MT of CO2e, or				In 2016, Grainger updated the Scope 2 eGRID Emissions Factors for the United States from eGRID2012 (Year 2012 Data) to eGRID2014 (Year 2014 Data). Based on the previous year usage this resulted in an absolute reduction of 738 MT of CO2e, or approximately 0.5% of Grainger GHG emissions in		Over the past five years, order origination has shifted from branches and phones to digital channels such as Grainger.com®. In response to this migration, Grainger has consolidated its 150 contact centers in the United States into three national contact centers and has also reduced its owned fleet mobile services and associated mileage driven. Based on the previous year usage this resulted in an	Grainger has reviewed the categories in which emissions have decreased, and it is unknown why emissions decreased by 2,225 MTCO2e, or approximately 1.5% of 2015 emissions. There were decreases in Natural Gas consumption in the US and Canada which is most likely associated with warmer weather. Yet, this has not been confirmed. (2225 MTCO2e/148337 MTCO2e)*100 = 1.5 (Grainger's 2015 scope 1 and scope 2	Through 2016, Grainger had installed 4.1 MW of renewable energy on the rooftops of our DCs. In 2017, another rooftop solar panel will be installed and operating. In 2016, additional certified renewable energy credits were purchased in anticipation of the new renewable energy load to be implemented in 2017. Based on the previous year purchased, this resulted in an absolute reduction of 2,192 MT of

	new building management controls system at the Dallas Distribution Center and property realignment at the branches, distribution centers, and data centers. Based on previous year usage this resulted in an absolute reduction of 3054 MT of CO2e, or approximately 2.1% of Grainger GHG emissions in 2015. (3054 MT CO2e/148377 MT CO2e)*100 = 2.1 (Grainger's 2015 scope 1 and scope 2 emissions equals 148377)	approximately 0.6% of Grainger GHG emissions in 2015. (933 MT CO2e/148377 MT CO2e)*100 = 0.6 (Grainger's 2015 scope 1 and scope 2 emissions equals 148377)				2015. (738 MT CO2e/148377 MT CO2e)*100 = 0.5 (Grainger's 2015 scope 1 and scope 2 emissions equals 148377)		absolute reduction of 2048 MT of CO2e, or approximately 1.4% of Grainger GHG emissions in 2015. (2048 MT CO2e/148377 MT CO2e)*100 = 1.4 (Grainger's 2015 scope 1 and scope 2 emissions equal 148377)	emissions equals 148377)	CO2e, or approximately 1.5% of Grainger's GHG emissions in 2015. (2192 MTCO2e/148337 MTCO2e)*100 = 1.5 (Grainger's 2015 scope 1 and scope 2 emissions equals 148377)

CC12.1b

Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure =	0.00001472
Metric numerator (Gross global combined Scope 1 and 2 emissions)	metric tonnes CO2e
Metric denominator: Unit total revenue	8732891000
Scope 2 figure used	Market-based
% change from previous year	2.7
Direction of change from previous year	Decrease
Reason for change	This metric decreased by 2.7% because of an absolute emissions reduction caused by emissions reduction activities. As a percentage, absolute emissions decreased more than revenue decreased.

CC12.3

Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	5.08
Metric numerator (Gross global combined Scope 1 and 2 emissions)	metric tonnes CO2e
Metric denominator	full time equivalent (FTE) employee
Metric denominator: Unit total	25636
Scope 2 figure used	Market-based
% change from previous year	7.16
Direction of change from previous year	Decrease
Reason for change	This metric decreased by 7.16% because of a 7.6% decrease in absolute emissions due to emissions reduction activities and a 0.5% decrease in FTE employee count.

Further Information

Page: CC13. Emissions Trading

CC13.1

Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

CC13.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name
Period for which data is supplied
Allowances allocated
Allowances purchased
Verified emissions in metric tonnes CO2e
Details of ownership

CC13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

CC13.2

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

Yes

CC13.2a

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, not yet calculated				
Capital goods	Relevant, not yet calculated				
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	30451	i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from Grainger's scope 1&2 emissions. This electricity and natural gas data comes from utility bills. The emissions factors used are the eGRID grid loss emission factors and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). ii) Description of the data quality of reported emission: The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from electricity and natural gas used in Grainger North American operations were allocated to Grainger's footprint.	100.00%	This category includes transmission losses from electricity and natural gas.

Upstream transportation and distribution	Relevant, calculated	96802	i)Description of the types and sources of data used to calculate emissions: This figure comes from fuel charge in our transportation department's billing system and uses the US EPA Smartway's avg MPG, US Govt. Fuel Econony's avg diesel fuel cost in 2016. It then uses the emissions factors used are from the EPA's climate Leaders program (CO2: 10.21 kg/gal, CH4: .015g/mile, N2O: .013g/mile). Emissions factors and the GWPs are from the IPCC SAR (CO2 = 1, CH4 = 21, N2O = 310) ii) Description of the data quality of reported emission: The data quality is medium to high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from fuel expense used in upstream transportation and distribution were allocated to Grainger's footprint in the US.	100.00%	This category includes transportation in the US from suppliers to Grainger's owned facilities and between Grainger owned facilities, and to customers.
Waste generated in operations	Relevant, calculated	3080	i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from waste and recycling tonnage for Grainger facilities. The emissions factors used are from the EPA's WARM model and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). These emissions come from waste sent to landfills (0.482912783828248 MT CO2e/ton). This data is compiled by Waste Management. The GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). ii) Description of the data quality of reported emission: The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from waste generated were allocated to Grainger's footprint.	100.00%	Grainger's waste generated in operations includes all waste sent to landfill or incineration from Grainger buildings.

Business travel	Relevant, calculated	28989	i)Description of the types and sources of data used to calculate emissions. The data to calculate these emissions comes from two sources. The commercial air travel data comes from our travel agency, Egencia, and it consists of flight length, type of flight, departure city, and arrival city. The emissions factors used are the DEFRA air travel emissions factors and the GWPs are from the IPCC AR5 (CO_2 = 1, CH_4 = 28, N_2O = 265). The emissions from employee travel in other vehicles all come from fuel combustion in passenger cars. This fuel data is compiled by Grainger's third party vehicle management company. The emissions factors used are for gasoline consumption from the EPA (8.78 kg CO_2/gal, .0173 g CH_4/mile, .0036 g N_2O/mile). the GWPs are from the IPCC AR5 (CO_2 = 1, CH_4 = 28, N_2O = 265). ii) Description of the data quality of reported emissions The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions. The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The assumptions and allocations for commercial air travel emissions that were used were based on DEFRA standards. 100% of the emissions from fuel used in employee travel in other vehicles were allocated to Grainger's footprint.	100.00%	Grainger's business travel emissions include commercial air travel as well as well as employees traveling in non-Grainger owned vehicles.
Employee commuting	Relevant, calculated	57031	i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from an employee transportation survey. Some of the data is estimated because it is extrapolated from this survey. The emissions factors used are from the EPA's climate Leaders program (CO_2: 0.185 kg/mile, CH_4: .002/mile, N_2O: .001/mile). Emissions factors and the GWPs are from the IPCC AR5 (CO_2 = 1, CH_4 = 28, N_2O = 265). The emissions from employee commuting come from fuel combustion in passenger cars. ii) Description of the data quality of reported emission: The data quality from the employee transportation survey is good. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from fuel used in employee commuting were allocated to Grainger's footprint.	100.00%	This category includes emissions from employees commuting to work.

Upstream leased assets	Not relevant, explanation provided				Grainger does not have upstream leased assets
Downstream transportation and distribution	Not relevant, explanation provided				Grainger customers use Grainger's shipping methods to receive products, they do not manage the shipments themselves.
Processing of sold products	Not relevant, explanation provided				Grainger sells finished products, not raw materials.
Use of sold products	Relevant, not yet calculated				Grainger does not track the use of its sold products and therefore is unable at this time to calculate the life cycle analysis of sold products.
End of life treatment of sold products	Relevant, not yet calculated				Grainger does not track the use of its sold products and therefore is unable at this time to calculate the life cycle analysis of sold products.
Downstream leased assets	Not relevant, explanation provided				Grainger has no leased assets.
Franchises	Not relevant, explanation provided				Grainger has no franchises.
Investments	Not relevant, explanation provided				Grainger makes no investments
Other (upstream)					
Other (downstream)					

Further Information

Page: CC14. Scope 3 Emissions

CC14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, not yet calculated				
Capital goods	Relevant, not yet calculated				
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	30451	i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from Grainger's scope 1&2 emissions. This electricity and natural gas data comes from utility bills. The emissions factors used are the eGRID grid loss emission factors and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). ii) Description of the data quality of reported emission: The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from electricity	100.00%	This category includes transmission losses from electricity and natural gas.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			and natural gas used in Grainger North American operations were allocated to Grainger's footprint.		
Upstream transportation and distribution	Relevant, calculated	96802	i)Description of the types and sources of data used to calculate emissions: This figure comes from fuel charge in our transportation department's billing system and uses the US EPA Smartway's avg MPG, US Govt. Fuel Econony's avg diesel fuel cost in 2016. It then uses the emissions factors used are from the EPA's climate Leaders program (CO2: 10.21 kg/gal, CH4: .015g/mile, N2O: .013g/mile). Emissions factors and the GWPs are from the IPCC SAR (CO2 = 1, CH4 = 21, N2O = 310) ii) Description of the data quality of reported emission: The data quality is medium to high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from fuel expense used in upstream transportation and distribution were allocated to Grainger's footprint in the US.	100.00%	This category includes transportation in the US from suppliers to Grainger's owned facilities and between Grainger owned facilities, and to customers.
Waste generated in operations	Relevant, calculated	3080	i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from waste and recycling tonnage for Grainger facilities. The emissions factors used are from the EPA's WARM model and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). These emissions come from waste sent to landfills (0.482912783828248 MT CO2e/ton). This data is compiled by Waste Management. The GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). ii) Description of the data quality of reported emission: The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to	100.00%	Grainger's waste generated in operations includes all waste sent to landfill or incineration from Grainger buildings.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from waste generated were allocated to Grainger's footprint.		
Business travel	Relevant, calculated	28989	i)Description of the types and sources of data used to calculate emissions. The data to calculate these emissions comes from two sources. The commercial air travel data comes from our travel agency, Egencia, and it consists of flight length, type of flight, departure city, and arrival city. The emissions factors used are the DEFRA air travel emissions factors and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). The emissions from employee travel in other vehicles all come from fuel combustion in passenger cars. This fuel data is compiled by Grainger's third party vehicle management company. The emissions factors used are for gasoline consumption from the EPA (8.78 kg CO2/gal, .0173 g CH4/mile, .0036 g N2O/mile). the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). ii) Description of the data quality of reported emissions The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions. The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The assumptions and allocations for commercial air travel emissions that were used were based on DEFRA standards. 100% of the emissions from fuel used in employee travel in other vehicles were allocated to Grainger's footprint.	100.00%	Grainger's business travel emissions include commercial air travel as well as well as employees traveling in non-Grainger owned vehicles.
Employee commuting	Relevant, calculated	57031	i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from an employee transportation survey. Some of the data is estimated	100.00%	This category includes emissions from employees commuting to work.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			because it is extrapolated from this survey. The emissions factors used are from the EPA's climate Leaders program (CO2: 0.185 kg/mile, CH4: .002/mile, N2O: .001/mile). Emissions factors and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). The emissions from employee commuting come from fuel combustion in passenger cars. ii) Description of the data quality of reported emission: The data quality from the employee transportation survey is good. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from fuel used in employee commuting were allocated to Grainger's footprint.		
Upstream leased assets	Not relevant, explanation provided				Grainger does not have upstream leased assets
Downstream transportation and distribution	Not relevant, explanation provided				Grainger customers use Grainger's shipping methods to receive products, they do not manage the shipments themselves.
Processing of sold products	Not relevant, explanation provided				Grainger sells finished products, not raw materials.
Use of sold products	Relevant, not yet calculated				Grainger does not track the use of its sold products and therefore is unable at this time to calculate the life cycle analysis of sold products.
End of life	Relevant, not				Grainger does not track the

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
treatment of sold products	yet calculated				use of its sold products and therefore is unable at this time to calculate the life cycle analysis of sold products.
Downstream leased assets	Not relevant, explanation provided				Grainger has no leased assets.
Franchises	Not relevant, explanation provided				Grainger has no franchises.
Investments	Not relevant, explanation provided				Grainger makes no investments
Other (upstream)					
Other (downstream)					

CC14.2

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance process in place

CC14.2a

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Verification or assurance cycle in place	Annual process	Annual process
Status in the current reporting year	Complete	Complete
Type of verification or assurance	Limited assurance	Limited assurance
Attach the statement	https://www.cdp.net/sites/2017/61/22861/Climate Change 2017/Shared Documents/Attachments/CC14.2a/Grainger 2016 GHG Verification statement.pdf	https://www.cdp.net/sites/2017/61/22861/Climate Change 2017/Shared Documents/Attachments/CC14.2a/Grainger 2016 Water Waste verification statement.pdf
Page/Section reference	1-3	1-3
Relevant standard	ISO14064-3	ISO14064-3
Proportion of reported Scope 3 emissions verified (%)	100	100

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Fuel- and energy-related activities (not included in Scopes 1 or 2)	Upstream transportation & distribution	Waste generated in operations	Business travel	Employee commuting
Reason for change	Emissions reduction activities	Emissions reduction activities	Emissions reduction activities	Other:	Other:
Emissions value (percentage)	10	4	16	35	5
Direction of change	Decrease	Decrease	Decrease	Increase	Increase
Comment	Decreased use of energy in Grainger facilities	Grainger worked closely with its third party carriers to improve container utilization.	Grainger implemented a recycling standardization in its largest facilities. This reduced Grainger's waste to Landfill.	The carbon offset methodology from DEFRA 2010 Dataset to DEFRA 2015 Dataset which resulted in higher emission calculations.	Grainger added new facilities to its portfolio that resulted in increase in commuter travel activities

CC14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers
Yes, other partners in the value chain

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

i) Grainger engages its 3rd party transportation companies to reduce GHG emissions through its involvement in the EPA's SmartWay program. Grainger is a certified SmartWay Transport Partner. Grainger prioritizes its engagement by the percent spend of total transportation budget with providers. Currently Grainger has over 90% of its logistics Smart Way certified. Additionally, as part of Grainger's commitment to ethical sourcing, we work closely with suppliers to identify potential opportunities to minimize unnecessary packaging while reducing the risk of damage to the products we offer. In 2015, the company introduced Supplier Packaging Guidelines to its U.S. and GGS suppliers to encourage suppliers to take sustainability into account when making packaging decisions. The guideline included best practices to help reduce damage and waste while maximizing recyclable materials. ii) Grainger prioritizes which transportation vendors to encourage to partaking in SmartWay based on % spend with that vendor, and success is measured based on Grainger's ability to be SmartWay Certified as a Transportation Partner. Additionally, Grainger prioritizes engagement by identifying its largest suppliers, and directly working with them to identify packaging hot spots. iii)Success is measured by the reduction of Grainger's own waste stream and an increase in recycling, and surveying inbound packaging from suppliers.

CC14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Type of engagement	Active engagement
Number of suppliers	5000
% of total spend (direct and indirect)	100%
Impact of engagement	As part of Grainger's commitment to ethical sourcing, we work closely with suppliers to identify potential opportunities to minimize unnecessary packaging while reducing the risk of damage to the products we offer. In 2016, Grainger completed its inaugural CDP supply chain survey. CDP supply chain partners reported a combined 76 million metric tons of CO2 reduction resulting in more than $700 million in annual emissions reduction savings.

CC14.4c

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

Further Information

Module: Sign Off

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CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	DG Macpherson
Job title	Chief Executive Officer
Corresponding job category	Chief Executive Officer (CEO)

Further Information

CDP