W.W. Grainger, Inc. - Climate Change 2022

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

W.W. Grainger, Inc. is a broad line, business-to-business distributor of maintenance, repair, and operating (MRO) supplies and other related products and services. More than 4.5 million customers worldwide rely on Grainger for products in categories such as safety, material handling, and metalworking, along with services like inventory management and technical support. These customers represent a broad collection of industries, including commercial, government, healthcare, and manufacturing and place orders online, on mobile devices, through sales representatives, over the phone, and at local branches. Approximately 5,000 suppliers provide Grainger with more than 1.5 million products stocked in the company's distribution centers (DCs) and branches worldwide. Collectively, Grainger offers more than 2 million MRO products in its High-touch Solutions assortment and more than 30 million products collectively through its expanding Endless Assortment offering. Grainger employs approximately 24,200 team members across the globe. For more information on Grainger, visit invest.grainger.com.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2021	December 31 2021	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas in which you operate.

Canada
China
Czechia
France
Germany
Guam
Hong Kong SAR, China
Hungary
India
Indonesia
Ireland
Japan
Mexico
Panama
Poland
Republic of Korea
South Africa
Thailand
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	GWW
Yes, a CUSIP number	384802104

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	General ESG oversight is by the Board Affairs and Nominating Committee (BANC), which is comprised of all independent Directors and, in effect, is a Committee of the Whole. The BANC annually reviews the Company's ESG strategy, programs, and reporting, including environmental and sustainability, social responsibility to its communities, governance, the Company's culture, talent strategy, and diversity, equity and inclusion. An example of a climate related decision made by the BANC was to review and approve Grainger's decision to disclose against the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Decisions (TCFD) in 2020 and provided feedback on climate-related disclosures on Form 10-K risk factors. The Board's Compensation Committee oversees the Company's programs and policies for human capital management and assists the BANC in its oversight of the Company's programs and policies with respect to employee engagement and leadership effectiveness. In addition to the annual review, the BANC and the Compensation Committee receive routine reports and updates on ESG matters on an as-needed basis. The Board includes one Director with expertise in corporate sustainability and one Director with expertise in environmental matters.
Chief Executive Officer (CEO)	The Company's ESG efforts are led by the Chairman and CEO who chairs management's ESG Leadership Council. The key objectives of the ESG Leadership Council include providing strategic direction of the Company's ESG program, identifying ways to incorporate the appropriate ESG initiatives into operations and strategy, and making regular reports to the BANC and the Compensation Committee, as appropriate. The Company's ESG strategy as set by the ESG Leadership Council is implemented by two cross- functional groups: (a) the ESG Steering Committee, senior leaders who drive the ESG Leadership Council's strategic objectives; and (b) the ESG Working Group, subject matter experts who implement day-to-day programs in pursuit of those objectives. Core initiatives relating to culture and talent, including human capital management and diversity, equity and inclusion, are led by the Grainger Human Resources team in coordination with the ESG Leadership Council.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The Board recognizes the importance of ensuring that our strategy is designed to create sustainable long-term value for Grainger's shareholders and other stakeholders. The Board maintains an active role in formulating, planning, and overseeing the implementation of Grainger's strategy as to operational, financial, regulatory and ESG matters. The Company integrates ESG initiatives into its strategy and daily operations at each level of its business. This begins with general ESG oversight by the Board Affairs and Nominating Committee (BANC), which is comprised of all independent Directors and, in effect, is a Committee of the Whole. The BANC annually reviews the Company's ESG programs and reporting, including environmental and sustainability, social responsibility to its communities, governance, the Company's culture, talent strategy, and diversity, equity and inclusion. In turn, the Compensation Committee oversees the Company's programs and policies for human capital management and assists the BANC in its oversight of the Company's programs and policies with respect to employee engagement and leadership effectiveness. The Board includes one Director with expertise in corporate sustainability and one Director with expertise in environmental matters. In addition to its annual review, the BANC and the Compensation Committee receive routine reports and updates on ESG matters on an as-needed basis. Continuing its practice begun in 2017, the Company also proactively made the Board's Lead Director available to investors in 2021 to explain and discuss the Company's ESG and executive compensation practices and policies.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	The Board's various experiences and viewpoints benefit us most when they are aligned with our global business needs, our strong corporate governance practices and our ESG goals. As a result of the Board's ongoing refreshment efforts, in recent years, we added Directors whose professional occupations include expertise in corporate sustainability and environmental matters.	<Not Applicable>	<Not Applicable>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Financial Officer (CFO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (SVP & Chief Human Resources Officer)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (SVP & General Counsel)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (Global Lead ESG and DEI (Sr. Director, Diversity & Corporate Responsibility))	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Half-yearly
Other, please specify (VP of Merchandising and Supplier Management)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Annually
Other, please specify (VP of Network Strategy & Transportation)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Annually

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

ESG Leadership Council: Each of the positions identified as having the highest management-level with responsibility for climate-related issues – Chief Executive Officer (CEO), SVP & Chief Financial Officer (CFO), SVP & Chief Human Resources Officer (CHRO) and SVP & General (Counsel), VP Merchandising and Supplier Management, VP Network Strategy & Transportation, and Global Lead ESG and DEI (Sr. Director, Diversity & Corporate Responsibility)– constitute Grainger's ESG Leadership Council. The Company's ESG efforts are led by the Chairman and CEO who chairs management's ESG Leadership Council. The ESG Leadership Council meets quarterly to discuss pertinent ESG issues and objectives. In addition to these regular meetings, various representatives from the ESG Leadership Council meet with the BANC annually to review the Company's promotion of ESG. The BANC also receives routine reports and updates from ESG Leadership Council members and senior management on ESG matters.

Description of responsibilities: The key objectives of the ESG Leadership Council include identifying ways to incorporate the appropriate ESG initiatives into operations and strategy, overseeing the overall ESG program, overseeing the ESG materiality assessment, and making regular reports to the BANC and other Board committees. The ESG Leadership Council is supported by a cross-functional steering committee providing subject matter expertise, implementing day-to-day programs and driving progress toward the success of our strategy. Core initiatives relating to culture and talent, including human capital management and diversity, equity and inclusion, are led by the Grainger Human Resources team in coordination with the ESG Leadership Council.

Titles: The titles of all members of the ESG Leadership Council members are: Chairman & CEO; SVP & CFO, SVP & CHRO, SVP & General Counsel; VP, Merchandising and Supplier Management; VP, Network Strategy & Transportation; Global Lead ESG and DEI (Sr. Director, Diversity & Corporate Responsibility). Overall ESG Governance: The Company integrates ESG initiatives into its strategy and daily operations at each level of its business. This begins with general ESG oversight by the Board Affairs and Nominating Committee (BANC), which is comprised of all independent Directors. The BANC annually reviews the Company's ESG programs and reporting, including environmental and sustainability, social responsibility to its communities, governance, the Company's culture, talent strategy, and diversity, equity and inclusion. In turn, the Compensation Committee oversees the Company's programs and policies for human capital management and assists the BANC in its oversight of the Company's programs and policies with respect to employee engagement and leadership effectiveness. The Board includes one Director with expertise in corporate sustainability and one Director with expertise in environmental matters.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	As disclosed in our 2022 Proxy Statement, Grainger is assessing the potential impact of integrating ESG metrics into our executive compensation program. In partnership with the Compensation Committee's independent compensation consultant and our ESG Leadership Council, during 2022 we are testing a notional compensation program designed to determine the ESG metrics and outcomes that would be appropriate components in our future compensation program. We will consider the outcomes of this notional program, along with feedback from our 2022 shareholder engagement sessions, to help us assess appropriate ways to integrate ESG into future executive compensation program design.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?
Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Short-term time horizon is defined as 0-3 years.
Medium-term	3	10	Medium-term time horizon is defined as 3-10 years.
Long-term	10	30	Long-term time horizon is defined as 10-30 years.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Enterprise Risk Management Framework:

Grainger's Enterprise Risk Management (ERM) team facilitates the use of the Company's Enterprise Risk Management Framework (RMF) to define, measure, and monitor risk across the organization, including climate-related risks. The RMF establishes a common language and methodology to measure and prioritize risks and opportunities and define a process for monitoring of risk treatments. As part of this framework, there is an enterprise risk rating scale that provides guidelines for risk scoring/magnitude. The risk rating scale quantifies risk magnitude through consideration of Impact and Likelihood ratings. Applying ratings to each risk helps to commonly measure and prioritize them in a consistent matter.

In this process, **the definition of substantive strategic/financial impact includes a risk that is assigned the following combinations of Impact and Likelihood ratings, with definitions and details of the ratings outlined below:**

- **3 Impact rating & 5 Likelihood rating**
- **4 Impact rating & 4 or above Likelihood rating**
- **5 Impacting rating & 3 or above Likelihood rating**

The Impact Ratings measure risk on a 1 (Incidental) to 5 (Severe) scale across four categories: Financial, Customer Experience, Team Member and Compliance. **The Financial risk rating scale is aligned with the Company's financial reporting materiality thresholds.**

3 – Moderate **-** An event causing some disruption in production operations and/or having moderate impact on the ability to achieve business objectives

4 – Major - An event causing considerable disruptions in operations and/or causing substantial hardship and damage to the organization and members characterized by disruptions in critical services that result in the inability to meet service level commitments having a major impact on our ability to achieve business objectives.

5 – Severe - An event causing serious and extended disruptions in operations and/or causing severe hardship and damage to the organization and members, which may be characterized by the failure of critical services or prolonged disruptions, insufficient financial resources, or failure to operate in accordance with laws and regulations and has an extreme impact on our ability to achieve business objectives.

The Likelihood Ratings measures and reasonably predicts the probability of a specific event occurring on a 1 (Frequent) to 5 (Rare) scale. Scores are reported on the same 1-5 scale as the Impact Ratings.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Overview: Grainger's Enterprise Risk Management (ERM) team uses the Company's Enterprise Risk Management Framework (RMF) to define, measure, and monitor risk across the organization, including climate-related risks. The Board has overall responsibility for risk oversight, with the Audit Committee assisting the Board in performing this function. The Board's role is to oversee the Company's ERM programs, including risk assessment and risk management processes and policies used by Grainger to identify, assess, monitor, and address potential financial compensation, operational, strategic, climate and legal risks on an enterprise-wide basis. Both the Board and the Audit Committee regularly review Grainger's risk assessment and management processes and policies, including receiving regular reports from the Company's Chief Information Security Officer, and members of Grainger's management who are responsible for the effectiveness of Grainger's ERM programs. Beginning April 2021, the Enterprise Risk Management team collaborated with business leaders to establish a quarterly metrics dashboard to assess and monitor Grainger's top enterprise risks to clearly depict current state and inform Board oversight.

Identification: Grainger uses external benchmarking to determine applicable short-term, medium-term, and long-term risks for the organization. Either once a risk is identified, or at least once every two years, the ERM team polls the Grainger Leadership Team and the Board to determine the organization's top 8 risks from a list of risks applicable to the Grainger organization.

Assessment: Each identified top 8 risk has a Grainger executive leadership team member (direct CEO report) owner who is responsible for understanding the risk for the company, designing programs / objectives and mitigation strategies for those risks. Internal Audit does a periodic review/deep dive on select risks annually and provides an assessment to the applicable owner. The deep dives are a joint product between the identified risk owner (GLT member and appointed team members) and our ERM team. Each deep dive assessment includes a review of the risks, risk management activities, opportunities and metrics used to measure the current state of each area, along with sensitivity analysis to show financial magnitude when it can be estimated. Updates and deep dives on the top 8 identified risks occur throughout the year. Additionally, quarterly updates are provided by the Enterprise Risk Management team to the Board through a metrics dashboard that assess and monitors performance of Grainger's top enterprise risks.

Response to risk: Grainger executive leadership team members are assigned a top 8 risk and are responsible for designing programs, objectives, and mitigation strategies for those risks, which are presented to the Board. The Board has overall responsibility for risk oversight, with the Audit Committee assisting the Board in performing this function. The Board's role is to oversee the Company's ERM programs, including risk assessment and risk management processes and policies used by Grainger to identify, assess, monitor and address potential financial compensation, operational, strategic, climate and legal risks on an enterprise-wide basis. Both the Board and the Audit Committee regularly review Grainger's risk assessment and management processes and policies, including receiving regular reports from executive leadership team members assigned to program design and mitigation strategies of top risks. For example, the Board receives reports on cybersecurity preparedness from the Company's Chief Information Security Officer, and members of Grainger's management who are responsible for the effectiveness of Grainger's ERM programs. As part of its oversight responsibility, the Compensation Committee then assesses the relationship between potential risk created by Grainger's compensation programs and their impact on long-term shareholder value.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulatory risks identified by Corporate Real Estate & Facilities in collaboration with other business departments as relevant, include those that support (or oppose) renewable energy, such as federal and state incentive programs or solar taxes, since the change in solar incentives due to regulation is a key component of our renewable energy strategy and GHG reduction targets. Investments are prioritized based on our findings and a decision may be made to move forward or not if the investment helps our organization achieve business and climate goals or not. For instance, Solar Energy Industries Association reports that, "There is a federal investment tax credit (ITC) for solar energy systems in place until December 31st, 2023. Our organization considers both the investment viability in addition to carbon reduction to prioritize initiative. The Corporate Real Estate & Facilities Team has built a viability scale for sustainability initiatives based on our Internal Return Rate (IRR). As federal and state incentives decline the investment viability is impacted, and lead to de-prioritization.
Emerging regulation	Relevant, always included	Legislative developments concerning new or more stringent environmental laws designed to address climate change such as stricter limits on greenhouse gas emissions or more prescriptive reporting of environmental, social and governance metrics are routinely monitored. Such legislation has the potential for impacting Grainger's suppliers, product offering, operations, facilities and/or customers. Since there currently is a lack of consistent climate change legislation and standards, Grainger's compliance approach is tailored to the particular event or matter sought to be addressed by the law and/or standard. Emerging regulatory risks identified by Corporate Real Estate & Facilities and Legal departments, in collaboration with other business departments as relevant, include those that would impact the price of materials utilized in the manufacturing process of goods purchased &/or sold, such as international trade tariffs on imported photovoltaic cells, as another key component of our renewable energy strategy and GHG reduction targets. Vetting these risks allows for the development of mitigation strategies should legislation pass.
Technology	Relevant, always included	New technologies in terms of relevance in supporting our GHG reduction goals are consistently evaluated within Corporate Real Estate & Facilities, and in collaboration with other business departments as relevant. For example, low-cost buildings controls have, in the past, been too costly to implement, however, newer applications have contributed to Grainger's emissions reduction efforts. At times newly implemented technologies can impose unintended consequences to the building operations. Risk of component failure in advance systems can impact part or all of operations due to issues such as power quality, harmonics, increased humidity or condensation. Once implemented, some are assessed within the context of latest industry technological advancements and reported on back to leadership monthly.
Legal	Relevant, always included	Potential risks to Grainger's Environmentally Preferable Products (EPP) sold are assessed routinely at Grainger from an interdisciplinary group led by Merchandising and Supplier Management. This is a growing segment of Grainger's business which represented $875 million in sales in 2021 and can contribute to GHG reductions in Scope 3 product use phase. Grainger reviews the specific set of EPP attributes as new sustainable products are introduced to the product portfolio, and all values are assessed for relevancy, annually. All EPP product claims are evaluated with an external partner, UL LLC, based on the Federal Trade Commission's Guides for the Use of Environmental Marketing Claims ("Green Guides"). To guide customers toward more environmentally preferable solutions, each product in Grainger's EPP portfolio is identified on Grainger.com® with a specific set of certificates, or attributes that are found in the technical specifications section for each product. These products are grouped together in a Green filter on the left-hand navigation bar of Grainger.com®. EPP products fall into two categories - those that are certified by independent organizations and those that have "green environmental attributes". A certification acts as a stamp of approval and indicates that a product has met certain environmental standards. These are designated with a green leaf icon on Grainger.com® and explained in the compliance section for each product.
Market	Relevant, always included	Based on market assessments, Grainger has determined that a robust, environmentally preferred product portfolio is critical for meeting key customer needs. Providing environmentally preferable products is embedded in our strategy to provide solutions that keep our customer's operations running sustainably, which enables Grainger to serve as a trusted advisor, particularly as it relates to helping achieve their sustainability goals.. Merchandising and Supplier Management works collaboratively with business units across Grainger to create a more sustainable workplace for our customers and our communities through our Environmentally Preferable Product (EPP) Portfolio, a key component of a growing sales segment for Grainger and potential to reduce our Scope 3 emissions. In 2021, the EPP Portfolio featured 100,000 items that help customers maintain sustainable facilities. Annual sales were $875 million, a 23% increase over 2020. We offer our customers a broad assortment of EPP products, to help customers select product that are third-party reviewed by UL LLC and are either certified or offer specific environmental features to reduce energy consumption, conserve water, reduce waste and improve indoor air quality. For climate change, examples of independently tested certifications include: Carbonfree® Certified, EnergyStar®, EnergyAware®, DLC® Approved, as well as verified Environmental Product Declarations (EPDs). In addition, customers may request reports to help them track, report and grow their green spend. Similarly, we equip our customer-facing team members with training, sales tools and marketing support so that they can help customers achieve meaningful progress towards their sustainability goals and initiatives.
Reputation	Relevant, always included	Grainger's continued success is substantially dependent on positive perceptions of Grainger's reputation. Grainger assesses reputation considerations through its ESG Governance structure and the ESG Leadership Council and ESG Steering Committee, which includes representatives from Corporate Real Estate & Facilities, Merchandising and Supplier Management, Human Resources, Risk Management, Offer Enablement, Finance, Global Ethics and Compliance, Legal, External Affairs and Community Engagement. Climate-related risks such as natural disasters and extreme weather could have an adverse impact on our supply chain, including difficulty in obtaining products from suppliers or in shipping products to customers, thereby potentially impacting our reputation. That said, Grainger's commitments to sustainability and customer relationships ensure that we continue to enhance our reputation by providing environmentally preferable products and third-party provided sustainability services that enable our customers to address their own climate risks. Grainger is a leader in the MRO space. We were the first to set public targets such as a GHG reduction goal, first to build LEED certified facilities, first to become a EPA SmartWay Transport Partner.
Acute physical	Relevant, always included	An example of an identified acute physical risk would be disruptions in Grainger's supply chain, due to the increased severity of extreme weather, which could result in an adverse impact on results of operations. In 2019, Internal Audit partnered with the Supply Chain leadership team to facilitate a deep dive into supply chain risks, risk management activities and opportunities. A disruption within Grainger's logistics or supply chain network, including damage, destruction, extreme weather and other events, which could cause one or more of Grainger's distribution centers to become non-operational, could adversely affect Grainger's ability to obtain or deliver inventory in a timely manner, impair Grainger's ability to meet customer demand for products and result in lost sales or damage to Grainger's reputation. Grainger's ability to provide same-day shipping and next-day delivery is an integral component of Grainger's business strategy and any such disruption could adversely impact results of operations.
Chronic physical	Relevant, always included	Chronic physical risks are identified by Corporate Real Estate & Facilities, in collaboration with other business departments as relevant. Long term shifts in climate patterns have the potential to impact Grainger, either through increase frequency and severity of extreme weather events, disrupting global supply chains and logistics impacting Grainger's revenue, or through increasing temperatures, putting strain on our workforces and supply chains, increasing operational costs in our distribution centers and branches through additional air conditioning requirements. Grainger has implemented multiple projects to analyze and mitigate risk arising from long term shifts in climate patterns, such as heat waves induced by increasing average temperatures.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Other, please specify (Increased severity and frequency of extreme weather events such as cyclones, floods, and wildfires)

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description
Inability to provide customers the products they want when they want them could significantly impact our results. Grainger's ability to provide same-day shipping and next-day delivery is an integral component of Grainger's business strategy and any such disruption could adversely impact results of operations and financial performance. Examples include severe weather, natural disasters, and other catastrophic events related to climate change. Due to this risk, Grainger conducts Business Impact assessments to analyze risks and quantify major exposures to Grainger distribution centers within its supply chain, with the particular goal of quantifying the risk of a large-scale DC outage. It is typically updated on a three- to four-year cycle. The latest Business Impact (BI) analysis occurred in 2019. This analysis is reflective of ten in-scope distribution centers in nine states across the West, Midwest, South and Northeast. The outcomes include prioritization of key facilities or processes by quantifying the significant impact of exposures facing the organization against specific threats. Specifically, identified high-risk DCs as it relates to severe weather and climate change for Grainger currently include Patterson, CA and Mira Loma, CA, as the state of California is more prone to prolonged droughts and extensive wildfires that can impact Grainger's ability to do business. Additionally, there have been no serious outages across the DC network during periods of extreme weather over the past few years which include: Hurricane Ida in the Southeast, the Dixie Fire in California, the Winter Storm Uri in Texas. However, wildfires in CA have caused air quality issues to our SFDC which forced closure for a day several years ago.

Time horizon
Long-term

Likelihood
Unlikely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
80000000

Potential financial impact figure – maximum (currency)
710000000

Explanation of financial impact figure
In 2019, Grainger conducted a Business Impact Analysis in which the business interruption exposure from a major disruptive event causing complete loss of a DC was calculated for each of the 10 major US distribution centers .
The methodology of the analysis assumed a major event destroys any one of the ten DCs within the scope of the analysis in which the facility and inventory are destroyed completely. Annual Business Impact value was calculated using the following formula: BI Value = Net Sales - Variable Expenses. Consolidated BI value for the US DCs was calculated using FY 2018 actuals. BI Value for each DC was based on the individual DC's sales activity. Expense variability was factored into the methodology as well. BI Value was allocated to the ten DCs based on 2018 revenue, using a weighted average approach. Total exposure, on top of Business Impact exposure, included property damage estimates.

A range estimate is given because the full financial impact from loss of a DC is dependent on the specific DC lost, as the DCs have varying sales activity, and thus business impact, and also would have varying property damage cost estimates. Given this methodology, the complete loss of one of Grainger's distribution centers could cost the business anywhere between 80M and 710M. This estimated range assumes total loss and includes estimates for mitigation efforts (e.g., rerouting products, drop-shipping, team member overtime, etc.) and rebuild, as well as corresponding financial impacts due to the assumed loss of sales and loss of inventory. While the assessment was completed in 2019, Grainger believes estimates included here have not changed materially. Because the figures here represent estimates, Grainger cannot guarantee the stated range of financial impact would be realized if this loss scenario were to occur.

Cost of response to risk
255000000

Description of response and explanation of cost calculation
Situation & Task: Any disruption that could cause one or more of Grainger's DCs or branches to become non-operational could adversely impact results of operations and financial performance. Grainger must understand the overall impact and design programs / objectives and mitigation strategies.

Action: To mitigate and manage this risk, continuous engagement with risk management and external consultants occurs to ensure structures and operations are sound. Dynamic models have been developed to re-route orders should one or multiple portions of our operations be affected. Grainger's business continuity and disaster recovery (BCDR) planning helps minimize the impact of outages affecting Grainger customers. BCDR efforts include developing, implementing and enhancing business continuity processes in alignment with the ISO/IEC 22301 framework for Grainger's Business Continuity Management Programs (BCMPs). This standard provides the strategic direction for BCMPs and guides the establishment of activities aligned with the framework. BCMPs include a Business Impact Analysis, Risk Assessment, and other mitigation methods and tools. DCs invest in business continuity actions such as generators, satellite / cellular LAN backup, and air scrubbers. Timescale of implementation of mitigation strategies includes ongoing, long-term efforts. Specific supply chain deep-dives and mitigation strategy reviews are conducted annually. The Business Impact Analysis is refreshed every ~3 years. Short-term mitigation includes shifting order volume to other DCs, with majority of volume able to reach 2 or more DCs within 2 days. The Louisville DC, which came online in January 2020, is expected to add material contingency to the network.

Results: While no serious DC outages have occurred during periods of extreme weather, Grainger has developed a risk mitigation plan and scenario analysis. Through this assessment and Grainger's maintenance of geographic and inventory redundancy, Grainger has determined that it should be able mitigate a large portion of its gross business interruption exposure by shifting volume to other DCs.

Cost: The cost of management for this risk is related to the cost of maintaining and improving Grainger Properties and other critical assets to ensure resiliency against extreme weather events. In 2021, Grainger spent approximately $255,000,000 in capital expenditures related to distribution networks, inventory management, and technology enhancements.

Comment
n/a

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific 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 products that help customers meet their sustainable purchasing considerations. One example is in the lighting category for energy efficient light bulbs and fixtures. Since 2014, we have engaged with key suppliers to understand how existing and new products can help to reduce greenhouse gas emissions during product use, manufacturing, and/or end of life product disposal declarations. Another example is in our paint categories where we see the strongest demand from a sales perspective for products that contain low VOC (volatile organic compounds) and expect continued customer demand for this product type.

We expect to continue this engagement long-term to assist customers with sustainable purchases as new technologies emerge such as Carbon Capture and Sequestration (CCS), research to understand customer and industry considerations for products that assist with decarbonization, or leverage raw materials derived through CCS. The Environmentally Preferable Products (EPP) feature independently tested product certifications such as Carbonfree® Certified, EnergyStar®, EnergyAware®, DLC® Approved, as well as verified Environmental Product Declarations (EPDs) to assist in understanding the emissions of greenhouse gases of a product from a life cycle perspective. Most recently, the following certifications were added to the EPP program to continue expanding options for greenhouse gas reducing products certified by the Carbon Trust®. Examples include: Carbon Trust Carbon Neutral Certification, Carbon Trust Footprint Label, Carbon Trust Standard for Carbon and Carbon Trust Standard for Supply Chain for end-to-end sustainable product considerations. This will assist in broadening the scope of available sustainable products in our offering to customers. In 2021, EPP sales totaled $875 million, a 23% increase from 2020.

Time horizon
Long-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
26250000

Potential financial impact figure – maximum (currency)
122500000

Explanation of financial impact figure
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 become more sophisticated there is a potential for increased revenue from customer segments including manufacturing, government and healthcare. To estimate the maximum potential impact figure, we aligned with Grainger's 2022 full year guidance at 14% as economic trends improve, and applied this to last year's Environmentally Preferable Product (EPP) portfolio sales of $875 million because we anticipate customers will sustain this growth rate as they continue to resume non-pandemic purchasing. In order to estimate the minimum potential impact figure, we took a conservative approach and multiplied EPP sales by the rate of sales growth at 3% to measure by the lower sales growth rate in 2020 due to the pandemic.

Cost to realize opportunity
28156

Strategy to realize opportunity and explanation of cost calculation
Situation & Task: As demand for sustainable products increases, Grainger wants to evaluate our portfolio to meet customer needs and to progress with current standards. Direct feedback is vital to understand customer demand and keeps our portfolio focused on customer needs.

Action: We use voice of customer-driven portfolio reviews and engage with third parties to evaluate our environmental impact and review green product information. Based on customer feedback, our Merchandising and Supplier Management department conducts in-depth reviews of our portfolio to determine what to offer in our assortment, as well as how to display it on our website and catalog.
Result: For lighting products, the team used voice of customer; feedback submitted through our website or our Technical Product Support team paired with market trends. For example, customers indicate goals of making their facilities more sustainable through efficient lighting. The Grainger team captures Environmentally Preferable Product (EPP) certifications and information (e.g. EnergyStar®, DLC® Approved), and displays it to help customers confidently manage their energy and greenhouse gas emissions.

Cost: Grainger will continue to engage customers to help drive our portfolio to meet their needs. We also engage third parties to learn how products we offer impact the environment and how we can capture green product information. We have engaged EcoAct to understand the carbon footprint of products we sell from distribution through end-of-life. This work helps us prioritize resource alignment to improve our EPP portfolio. We also engage UL LLC quarterly to review sustainable certifications and attributes. We know this data assists customers to confidently choose green products and using UL helps Grainger offer products that our customers need. We estimate the

costs to manage this is $28,156 (between EcoAct and UL fees). The cost is to support our EPP portfolio to maintain and audit existing products, evaluate products & consult regarding green certifications. We will continue these approaches for other categories and will engage third parties to evaluate product impacts to the environment and offering of sustainable certifications. There is a continued increase in our EPP sales; 2021 totaled $875 million, a 23% increase from 2020. These efforts have shown a demonstrated impact to our EPP revenue.

Comment
Opportunity for all use phase categories

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan
No, our strategy has been influenced by climate-related risks and opportunities, but we do not plan to develop a transition plan within two years

Publicly available transition plan
<Not Applicable>

Mechanism by which feedback is collected from shareholders on your transition plan
<Not Applicable>

Description of feedback mechanism
<Not Applicable>

Frequency of feedback collection
<Not Applicable>

Attach any relevant documents which detail your transition plan (optional)
<Not Applicable>

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future
Our current target for Scope 1 and 2 is based off of a 2°C scenario and is science-based, meaning that we follow the guidelines set forth by the Science Based Targets Initiative (SBTi) and the Greenhouse Gas Protocol, ensuring that our internal actions align with the goal of limiting warming to well below 2 degrees. However, we do not currently have a 1.5°C transition plan as defined by SBTi that includes scope 1, 2 and, 3.

Instead, our current climate target, set in 2020, is to reduce our absolute scope 1 and scope 2 emissions by 30 percent by 2030, using a 2018 baseline. This target follows the medium-term goals of the Paris Climate Agreement and we are excited to work toward achieving our new GHG target. The Intergovernmental Panel on Climate Change (IPCC) has confirmed that in order to limit global warming to 1.5°C, the world needs to halve CO2 emissions by around 2030 and reach net-zero CO2 emissions by no later than 2050. In light of these longer-term goals, we also recognize the need to reduce scope 3 emissions as part of our overall emissions reduction strategy. Scope 3 considers all indirect emissions (not included in scope 2) that occur upstream and downstream from Grainger's operations. The majority of our scope 3 impact resides in product use phase, or the energy required to operate the products Grainger sells, such as the electricity required to run an industrial air conditioner or recharge the battery of a cordless drill over its lifetime. Our first step to setting a scope 3 target will be to functionally model and develop reporting and accounting for product use phase. Grainger is also actively pursuing scope 3 emissions improvement through engagement with our suppliers and customers to collectively progress on sustainability and emission goals. However, we also believe there is opportunity to better define scope 3 target setting requirements for the distribution industry. We will be looking to partner with grading organizations to find a path forward for companies in this industry using our expertise. We look forward to being part of the solution and adding more clarity to this emerging topic.

Explain why climate-related risks and opportunities have not influenced your strategy
<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios: IEA B2DS	Company-wide	<Not Applicable>	To enable Grainger to build a strategic approach to evaluate accredited Science Based Targets alignment, we utilized our Marginal Abatement Cost Curve (MACC). This tool provided a visual aid to compare cost and emission impacts associated with various investment options. A MACC presents the extra (or 'marginal') costs and carbon reduction (or 'abatement') potential of these options relative to a business as usual (BAU) baseline. Grainger has used this quantitative scenario analysis to assess the required emissions reductions from Grainger's own operations and value chain to align with the latest scientific consensus and using the SBTi as a guideline. Grainger has used climate scenario IEA B2DS to quantify the emissions reduction required to align with a well-below 2.0 Degrees Celsius emissions reduction trajectory and a 1.5 Degrees Celsius emissions reduction trajectory, respectively. 100% of Grainger's operations have been included within the assessment, to ensure all significant areas of GHG emissions are included. The results of the analysis show that Grainger is required to reduce absolute GHG emissions by 30% to align to a well-below 2.0 Degrees Celsius emission reduction trajectory, and 51% to align with a 1.5 Degrees Celsius emission reduction trajectory. To maintain progress, we have implemented a medium-term target that aligns with CDP's Leadership criteria and addresses 100% of our Scope 1 and 2 emissions. We consider these targets to be science-based as SBTi states that per IPCC AR5 RCP 2.6, the minimum reduction required is 30% absolute emissions reduction by 2030. This translates to a linear 2.5% reduction (based on 2018) per year on average. Grainger has taken strategic steps toward benchmarking our buildings' operations against industry standard to ensure we are investing in the most impactful initiatives to reduce our total carbon emissions (facility lighting retrofits, and HVAC equipment heat load studies to right-size our building loads). For scope 3 emissions, Grainger is actively pursuing improvement through engagement with our suppliers and customers to collectively progress on sustainability and emission goals. We continue to investigate processes to functionally model and develop reporting and accounting for the scope 3 category of product use phase. For example, we are evaluating how an increase in sales of specific Energy Star products might support a scope 3 emissions reduction that would align with SBTi scope 3 criteria.
Physical climate scenarios: RCP 2.6	Company-wide	<Not Applicable>	To enable Grainger to build strategic approach to evaluate accredited Science Based Targets alignment, we utilized our Marginal Abatement Cost Curve (MACC). This tool provided a visual aid to compare cost and emission impacts associated with various investment options. A MACC presents the extra (or 'marginal') costs and carbon reduction (or 'abatement') potential of these options relative to a business as usual (BAU) baseline. Grainger has used this quantitative scenario analysis to assess the required emissions reductions from Grainger's own operations and value chain emissions to align with latest scientific consensus and the Science Based Targets Initiative's criteria as a guideline. Grainger has used the RCP 2.6 scenario to assess the magnitude of reduction required for a 2.0 Degrees Celsius emissions reduction trajectory, the minimum ambition of the Paris Agreement. 100% of Grainger's operations have been included within the assessment, to ensure all significant areas of Grainger's GHG emissions are included. The results of the analysis show that Grainger is required to reduce absolute GHG emissions by 30% to align to a well-below 2.0 Degrees Celsius emission reduction trajectory, and 51% to align with a 1.5 Degrees Celsius emission reduction trajectory. To maintain progress, we have implemented medium-term target that align with CDP's Leadership criteria and address 100% of our Scope 1 and 2 emissions. We consider these combined targets to be science-based as SBTi states that per IPCC AR5 RCP 2.6, the minimum reduction required is 30% absolute emissions reduction by 2030. This translates to a linear 2.5% reduction (based from 2018) per year on average. Grainger has taken strategic steps toward benchmarking our buildings' operations against industry standard to ensure we are investing in the most impactful initiatives to reduce our total carbon emissions (facility lighting retrofits, and HVAC equipment heat load studies to right-size our building loads). For scope 3 emissions, Grainger is actively pursuing improvement through engagement with our suppliers and customers to collectively progress on sustainability and emission goals. We continue to investigate processes to functionally model and develop reporting and accounting for the scope 3 category of product use phase. For example, we are evaluating how an increase in sales of specific Energy Star products might support a scope 3 emissions reduction that would align with SBTi scope 3 criteria.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

1. How much (%) will Grainger need to reduce Scope 1 and Scope 2 emissions in the established time horizon for each trajectory?

2. Additionally, what is the annual linear percentage reduction for each trajectory?

3. What are the impacts of solar installations to these reduction trajectories and the associated benefits?

Results of the climate-related scenario analysis with respect to the focal questions

The results of the analysis show that Grainger is required to reduce absolute GHG emissions by 30% to align to a well-below 2.0 Degrees Celsius emission reduction trajectory, and 51% to align with a 1.5 Degrees Celsius emission reduction trajectory. These targets have informed our decision to evaluate accredited Science Based Targets alignment. Using our MACC and carbon analytics tool, this target will be directly linked to our business strategy and support other initiatives such as solar generation. To maintain progress, we have implemented medium-term targets that align with CDP's Leadership criteria and address 100% of our Scope 1 and 2 emissions. We consider these combined targets to be science-based as SBTi states that per IPCC AR5 RCP 2.6, the minimum reduction required is 30% absolute emissions reduction by 2030. This translates to a linear 2.5% reduction (from a 2018 base year) per year on average. Grainger has taken strategic steps toward benchmarking our buildings' operations against industry standard to ensure we are investing in the most impactful initiatives to reduce our total carbon emissions (facility lighting retrofits, and HVAC equipment heat load studies to right-size our building loads). For scope 3 emissions, Grainger is actively pursuing improvement through engagement with our suppliers and customers to collectively progress on sustainability and emission goals. We continue to investigate processes to functionally model and develop reporting and accounting for the scope 3 category of product use phase. One case study from Grainger's analysis was evaluating the impact of solar panel system generating electricity in our network. With three systems in place at two sites, Grainger investigated the effects of installing more systems. Grainger found that not only do more solar panels offer the primary environmental and economic benefits, but there are secondary benefits as well. This includes increased energy independence from the energy grid, and that in turn improves Grainger's business continuity by minimizing the impact of utility grid disruptions.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	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 products that help customers meet their sustainable purchasing considerations particularly as new sustainability certifications, GHG transparency information, and carbon reduction manufacturing gain in prominence and availability. We engage with key suppliers as partners to understand how existing and new products can help to reduce greenhouse gas emissions during product use, manufacturing, and/or end of life product disposal declarations. As new technologies emerge such as Carbon Capture and Sequestration (CCS), we research to understand customer and industry considerations for products that assist with decarbonization, or leverage raw materials derived through CCS. Each year, we review the Environmentally Preferable Products (EPP) portfolio specific to independently tested product certifications related to climate change such as Carbonfree® Certified, EnergyStar®, EnergyAware®, DLC® Approved, as well as verified Environmental Product Declarations (EPDs) to assist in understanding the emissions of greenhouse gases of a product from a life cycle perspective. Most recently, the following certifications were added to the EPP program to continue expanding options for greenhouse gas reducing products certified by the Carbon Trust®. Examples include: Carbon Trust Carbon Neutral Certification, Carbon Trust Footprint Label, Carbon Trust Standard for Carbon and Carbon Trust Standard for Supply Chain for end-to-end sustainable product considerations. In 2021, EPP sales totaled $875 million, a 23% increase from 2020.
Supply chain and/or value chain	Yes	In addition to a science-aligned scope 1 and 2 emissions reduction target, we must consider Grainger's impact across its value chain, including scope 3 emissions, the largest area of impact. This is a complex impact to measure. Currently, there are very few organizations setting scope 3 targets even among the most progressive organizations. Still, Grainger has continued to build on its supplier engagement program to understand how we might scope this request in the future. In 2019, the Merchandising and Supplier Management team established Grainger's Supplier Engagement Program to proactively engage with the suppliers who are the most impactful to our business. This long-term supplier engagement strategy is not time bound. We seek to partner with key strategic suppliers of sustainable products and solutions through quarterly meetings and invite suppliers to showcase their products at Grainger's North American Sales and Service Meeting. During this event, we bring our top performing suppliers together for a recognition event, Partners in Performance. This annual event also educates and informs the supplier community about Grainger's key initiatives and strategy. Reflecting 2021 performance, Grainger continued our recognition program with a Sustainable Supplier Award. Key performance factors included sales of Environmentally Preferable Products (EPP) that manage energy and/or contribute to lower, or more transparency in greenhouse gas emissions. Additionally, we considered their own environmental stewardship as a responsible business across environment, people and governance. While quantitative measures are factored into top supplier awards, key measures of success for this annual event are qualitative as we recognize partnerships with strategic suppliers at an exclusive event with top leaders. Impact of engagement, including measures of success: In order to build Grainger's Supplier Engagement Program since 2019, a group of suppliers were asked to participate in some focus groups where we shared information about supplier management and other key areas within the organization. Based on the feedback from those focus groups, we decided to communicate more proactively with our key suppliers via quarterly calls and proactive feedback channels and are continuing this cadence in 2021.
Investment in R&D	Yes	Grainger continues to make climate-related R&D investments. For example, sustainability products and services are one of many areas Grainger is pursuing to help better serve our customer needs. In 2021, in order to help benchmark and standardize opportunities across our network, we conducted lighting audits across our supply chain and corporate network. We discovered commonalities among energy loads, batteries, HVAC systems, lighting, conveyor systems and air compressors, to name a few. All of these areas offered strategic opportunities for long-term efficiency gains as we implemented energy reduction projects from the findings of these audits. Additionally, we found it to be very effective to invest in comprehensive building management systems in key locations with great return on investment timeframes. By monitoring our building via these systems, we are able to identify and trend global warming risks as they occur and adjust our investment and operation strategies accordingly.
Operations	Yes	As a distributor of millions of products, we recognize our duty to ensure our supply chain operates responsibly and sustainably. Grainger has invested significantly in minimizing packaging through "ship complete." Grainger's DCs are dedicated to reducing packaging and freight usage. In a process called "ship complete," we strive to ship all items in the fewest number of cartons, on the same day, from the same shipping point. In doing so, Grainger can maintain a lower usage of corrugate and produce fewer transportation emissions. This results in resource savings that our customers value as much as we do. We also measure our carton-to-order ratio by tracking the number of boxes we ship compared to the number of orders we receive. We continue to monitor this ratio in order to drive improvement and efficiencies in packaging and corrugate use.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures	Capital Expenditures: Each year, our Corporate Real Estate and Facilities team partners with other influential business partners to plan for sustainable investments such as energy upgrades, waste and recycling solutions, renewable energy to name a few. In 2019, Grainger celebrated the grand opening of its new DC in Louisville, KY. (LVDC) The 1.5 million-square-foot facility has the capacity to stock 700K SKUs and allows the company to deliver more products by the next day to customers in the region. The DC runs on state-of-the-art distribution technology enabling real-time order processing. The U.S. Green Building Council (USGBC) approved LEED GOLD certification for the LVDC. This project will not only reduce annual operational expenditures significantly, but it will also play a key role in helping Grainger meet their GHG reduction goals. We consider investments in renewable energy on a case-by-case basis as part of new project plans. Our decisions to invest often occur in locations where we can offset energy use, improve operational efficiency and create a return on investment. Grainger recognizes that capital expenditures may be moderately impacted for some suppliers, facilities, or product lines in the short-, medium-, and long-term. Grainger is currently exploring more solar installations at sites in California and Illinois. Those efforts should be completed in 2022 into 2023. Indirect Costs: In addition to investing in energy efficiency and renewable energy, Grainger has also ensured that building management systems are being utilized to reduce energy consumption in our facilities. Historically, Grainger has focused on its largest facilities, but the global warming risk has made it essential to expand our focus and strategy to all Grainger facilities. Currently, 29 of our facilities have either been built with or retrofitted with BMSs. On average, Grainger has realized a 10–15 percent reduction in energy use and expenses at our facilities after installing a BMS. Our BMSs are the primary means through which Grainger achieves its energy efficiency goals. When operating optimally, they allow facility managers to provide the proper working environment while minimizing Grainger's energy costs. Effective utilization allows us to extend the operational life of equipment and systems through reduced energy consumption and operating hours. As a result, maintenance and capital costs are reduced, and less embedded energy is consumed through equipment replacement and upgrades. This has a positive impact on Grainger's financial planning for future energy initiatives in the short, medium and long-term. Revenues: We help customers along their sustainability journey by offering our expertise around services and solutions that help them meet their sustainability goals. New products and services will drive increased revenue. Since 2015, Grainger has offered a portfolio of services that help our customers meet their sustainability goals and objectives. We partner with our network of third party service providers to offer a wide range of sustainability-related services, including HVAC optimization upgrades, water conservation upgrades, utility rebate incentives and lighting retrofit solutions. For example, Grainger can facilitate a free energy audit for customers, consisting of a site walk-through, fixture count, energy audit, return on investment, payback analysis, utility rebate assistance and applications (photo metrics), if applicable. The financial planning time horizon applies was short-, medium- and long-term as its expected that consumer demand for sustainability-related products will continue to grow.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2020

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Market-based

Scope 3 category(ies)
<Not Applicable>

Base year
2018

Base year Scope 1 emissions covered by target (metric tons CO2e)
37447

Base year Scope 2 emissions covered by target (metric tons CO2e)
86548

Base year Scope 3 emissions covered by target (metric tons CO2e)
<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
123995

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1
100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2
100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
100

Target year
2030

Targeted reduction from base year (%)
30

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]
86796.5

Scope 1 emissions in reporting year covered by target (metric tons CO2e)
35190

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
63428

Scope 3 emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
98618

% of target achieved relative to base year [auto-calculated]
68.2204927618049

Target status in reporting year
Underway

Is this a science-based target?
No, and we do not anticipate setting one in the next 2 years

Target ambition

<Not Applicable>

Please explain target coverage and identify any exclusions

Grainger's climate target, set in 2020, is to reduce our absolute scope 1 and scope 2 greenhouse gas emissions by 30 percent by 2030, using a 2018 baseline. This target is science-based and follows the medium-term goals of the Paris Climate Agreement; however, it is not approved by the SBTi. Grainger has been methodical in identifying solutions to meet our scope 1 and 2 reduction target in close partnership with our Finance, Supply Chain, and Real Estate / Facilities functions, and has a clear path forward to aggressively employ those solutions. In fact, Grainger is well underway in meeting this target, with 68% of the reduction already achieved during 2021.

The Intergovernmental Panel on Climate Change (IPCC) has confirmed that in order to limit global warming to 1.5°C, the world needs to halve CO2 emissions by around 2030 and reach net-zero CO2 emissions by no later than 2050. In light of these longer-term goals, we also recognize the need to reduce scope 3 emissions. The majority of our scope 3 impact resides in product use phase, meaning the energy required for our customers to operate the products Grainger sells, such as the electricity required to run an industrial air conditioner or recharge the battery of a cordless drill over its lifetime. Our first step to setting a scope 3 reduction target will be to functionally model and develop reporting and accounting for product use phase. Grainger is actively pursuing scope 3 emissions improvement through engagement with our suppliers and customers to collectively progress on sustainability and emission goals.

However, we also believe there is opportunity to better define scope 3 target setting requirements for the distribution industry. We will be looking to partner with grading organizations to find a path forward for companies in this industry using our expertise. We look forward to being part of the solution and adding more clarity to this emerging topic.

Plan for achieving target, and progress made to the end of the reporting year

We expect the achievement of the target to be somewhat linear, though accelerated. At this point we expect to meet our reduction goal earlier than 2030, but are consistently analyzing our emissions data to ensure we are on track.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	214	36846
To be implemented*	246	11108
Implementation commenced*	44	1021
Implemented*	40	4059
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
4046

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
311802

Investment required (unit currency – as specified in C0.4)
3124730

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
Lighting Retrofits

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
13

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
1270

Investment required (unit currency – as specified in C0.4)
0

Payback period
<1 year

Estimated lifetime of the initiative
16-20 years

Comment
HVAC Unit Improvements

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

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

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation
Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon
No taxonomy used to classify product(s) or service(s) as low carbon

Type of product(s) or service(s)

Other	Other, please specify (Offering of "environmentally preferable" Maintenance, Repair and Operations (MRO) product line (e.g., HVAC, motors, paper products, lighting, paint, etc.))

Description of product(s) or service(s)
Grainger's Environmentally Preferable Products (EPP) offer products that are certified as low-carbon or enable avoided emissions through transparent reporting so customers can compare data and select a sustainable option. Examples of certified low-carbon designations include Carbonfree®, EnergyStar® and DLC® Approved. We engage with key suppliers to share Environmental Product Declarations on Grainger.com where available so customers may compare and calculate product life cycle emissions. We continue to engage with suppliers to add more low carbon certified products such as CarbonTrust and qualified calculations to avoid emissions as new EPP products are introduced to Grainger's portfolio.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)
No

Methodology used to calculate avoided emissions
<Not Applicable>

Life cycle stage(s) covered for the low-carbon product(s) or services(s)
<Not Applicable>

Functional unit used
<Not Applicable>

Reference product/service or baseline scenario used
<Not Applicable>

Life cycle stage(s) covered for the reference product/service or baseline scenario
<Not Applicable>

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario
<Not Applicable>

Explain your calculation of avoided emissions, including any assumptions
<Not Applicable>

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year
3

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?
No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
No

Name of organization(s) acquired, divested from, or merged with
<Not Applicable>

Details of structural change(s), including completion dates
<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
37447

Comment
N/A

Scope 2 (location-based)

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
90805

Comment
N/a

Scope 2 (market-based)

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
86548

Comment
N/a

Scope 3 category 1: Purchased goods and services

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
2375551

Comment
N/a

Scope 3 category 2: Capital goods

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
353259

Comment
N/a

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
25017

Comment
N/a

Scope 3 category 4: Upstream transportation and distribution

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
142421

Comment
N/a

Scope 3 category 5: Waste generated in operations

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
2259

Comment
N/a

Scope 3 category 6: Business travel

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
26657

Comment
N/a

Scope 3 category 7: Employee commuting

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
41734

Comment
N/a

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
22810068

Comment
N/a

Scope 3 category 12: End of life treatment of sold products

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
46943

Comment
N/a

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
35190

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
n/a

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

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
n/a

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
64839

Scope 2, market-based (if applicable)
63428

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
n/a

C6.4

(C6.4) 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?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
3144481

Emissions calculation methodology
Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Both direct and indirect emissions from goods and services purchased by Grainger were estimated using the Comprehensive Environmental Data Archive (CEDA) 5.0, which is an economic input-output database. Each category of Grainger's purchased goods/services was mapped to an appropriate category of CEDA. The relevant emission factors from the CEDA database have been applied to Grainger's spend in order to calculate GHG emissions. The spend for products/services that have already been accounted for in other parts of the footprint (e.g., fuels, electricity) have been removed from this category. This category includes purchases by Cromwell, Grainger US, Mexico, and Canada.

Capital goods

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
23185.2

Emissions calculation methodology
Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Emissions from capital goods purchased by Grainger were estimated using the Comprehensive Environmental Data Archive (CEDA) 5.0, which is an economic input-output database. Each category of Grainger's purchased capital goods was mapped to an appropriate category of CEDA. The relevant emission factors from the CEDA database have been applied to Grainger's spend in order to calculate GHG emissions.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
23595

Emissions calculation methodology
Supplier-specific method
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
This category includes transmission losses from electricity and natural gas, and well-to-tank emissions of mobile fuel.

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. The mobile fuel data comes from fuel purchase bills. The emissions factors used are the well-to-tank factors provided by DEFRA. 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, as well as well-to-tank mobile fuel emissions were allocated to Grainger's footprint.

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
170651

Emissions calculation methodology
Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
This category includes transportation in the US from suppliers to Grainger's owned facilities and between Grainger owned facilities, and to customers.

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 Economy's avg diesel fuel cost in 2021. The emissions factors used are from the EPA's climate Leaders program. Emissions 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 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.

Waste generated in operations

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
5866

Emissions calculation methodology
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Grainger's waste generated in operations includes all waste sent to landfill from Grainger buildings.

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 (0.52 tCO2e/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.

Business travel

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
14670

Emissions calculation methodology
Fuel-based method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Grainger's business travel emissions include commercial air travel as well as employees travelling in non-Grainger owned vehicles for USA and Canada.

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. 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.

Employee commuting

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
19834

Emissions calculation methodology
Average data method
Fuel-based method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
This category includes emissions from employees in North America commuting to work.

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. 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

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Grainger does not have upstream leased assets.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Grainger customers use Grainger's shipping methods to receive products, they do not manage the shipments themselves. Emissions associated with transport and distribution are captured in upstream categories.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Grainger sells finished products, not raw materials

Use of sold products

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
18633534

Emissions calculation methodology
Methodology for direct use phase emissions, please specify (Emissions were calculated using product level attributes for life expectancy, power usage and fuel use. Electricity emission factors are from IEA 2021. Fuel emission factors and refrigerants GWPs are from DEFRA 2021.)

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
This category includes use phase emissions for Grainger North America's catalog. Please note this excludes the Use Phase Emissions originating from products sold by our Zoro business in the US due to emerging nature of this business and inaccessibility of data. We are continuously looking to increase the boundary of products and geographies included within our Use Phase model.

End of life treatment of sold products

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
113785

Emissions calculation methodology
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Weight and material type of total North America, UK and Mexico sold products has been mapped to waste destinations based on the waste treatment averages from Environmental Protection Agency (EPA) and EuroStat. Defra 2021 emission factors have been used to convert waste mass into emissions.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Grainger has no leased assets.

Franchises

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Grainger has no franchises.

Investments

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Grainger makes no investments.

Other (upstream)

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
N/A to Grainger

Other (downstream)

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
N/A to Grainger

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.00000757

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
98618

Metric denominator
unit total revenue

Metric denominator: Unit total
13022000000

Scope 2 figure used
Market-based

% change from previous year
13

Direction of change
Decreased

Reason for change
This metric decreased by 13% because of an absolute emissions reduction largely driven by emissions reduction activities, such as LED lighting projects, HVAC and building management system installations, and renewable energy installations. Changes in conversion factors year-over-year, and an increase in revenue year-over-year also attributed to the decrease.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	35061	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	62	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	67	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	25128
Mexico	621
Panama	183
Canada	5453
United Kingdom of Great Britain and Northern Ireland	1777
France	2
India	86
United Arab Emirates	1
Japan	1455
Ireland	10
China	45
Hungary	15
Poland	12
Indonesia	49
Thailand	16
Germany	16
Czechia	33
South Africa	34
Guam	18
Hong Kong SAR, China	0
Republic of Korea	238

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Grainger Branch	14075.88
Distribution Center	13277.62
Corporate Office	3145.71
Master Branch	1244.54
Data Center	1.87
Warehouse	373.94
Enterprise	3070.09

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Stationary combustion	30524.61
Mobile combustion	3070.09
Refrigerant	1594.95

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
United States of America	51621	49703
Canada	3630	3631
Mexico	1801	1801
Panama	164	164
United Kingdom of Great Britain and Northern Ireland	944	1406
France	0	0
India	180	180
United Arab Emirates	1	1
Japan	5511	5511
Ireland	7	10
China	205	205
Hungary	8	10
Poland	18	22
Indonesia	214	214
Thailand	18	18
Germany	41	69
Czechia	35	42
South Africa	75	75
Hong Kong SAR, China	37	37
Republic of Korea	329	329

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.
By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Grainger Branch	12838	12574
Distribution Center	39579	38740
Corporate Office	10156	9593
Master Branch	838	801
Data Center	4	5
Warehouse	1424	1715

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) 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.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1191	Decreased	1.2	Our solar generation, and therefore consumption, increased by approximately 1681 MWh. This is a result of increased generation due to favorable weather and an expansion of solar panels at Grainger's NEDC at Bordentown, NJ. In the previous year, our Scope 1 and Scope 2 emissions were 103,096 tCO2e, therefore we arrived at 1.2% through ((1,191/103,096)*100) = 1.2%.
Other emissions reduction activities	4061	Decreased	3.9	Grainger is routinely evaluating its assets to ensure the business can meet a growing customer demand. As a result of this growing demand on our facilities, Grainger continues investing its branch, distribution center and administrative facilities on energy efficient projects and activities, such as the new building management control systems, HVAC upgrades, employee engagement, and lighting projects. Overall, improvements have saved an estimated 4061 tCO2e in 2021. In the previous year, our Scope 1 and Scope 2 emissions were 103,096 tCO2e, therefore we arrived at 1.2% through ((4,061/103,096)*100) = 3.9%. Changes such as emissions factors have impacted our total emissions, the impact of which has not been calculated explicitly.
Divestment	1800	Decreased	1.7	About half way through 2020, Grainger divested from its Fabory business and its business in China. On an absolute scale, these divestments would reduce Grainger's carbon footprint by about 3800 tCO2e. The 1800 tCO2e shown here is an approximation of emissions benefits for 2021 from partial year closures in 2020. In the previous year, our Scope 1 and Scope 2 emissions were 103,096 tCO2e, therefore we arrived at 1.7% through ((1,800/103,096)*100) = 1.7%
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	979	Increased	0.9	The pandemic affected occupancy at corporate sites facilities. For most of the 2020, they have been mainly vacant as employees worked remotely. This allowed lighting and HVAC energy to be set back. In 2021, we saw an approximate relative increase due to some return to office activities. Relative to 2020, we approximate an increase of 979 tCO2e. In the previous year, our Scope 1 and Scope 2 emissions were 103,096 tCO2e, therefore we arrived at 0.9% through ((979/103,096)*100) = 0.9%.
Change in methodology	1595	Increased	1.5	In 2021, Grainger started collecting and determining emissions data related to refrigerants from HVAC equipment. Historically, these emissions have not been accounted for, but they will be starting now for calendar year 2021.In the previous year, our Scope 1 and Scope 2 emissions were 103,096 tCO2e, therefore we arrived at 1.5% through ((1,595/103,096)*100) = 1.5%.
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified	0	No change	0	Changes such as emissions factors have impacted our total emissions, the impact of which has not been calculated.
Other		<Not Applicable>	0	

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

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

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value	0	178619	178619
Consumption of purchased or acquired electricity	<Not Applicable>	8500	159193	167693
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1452	<Not Applicable>	1452
Total energy consumption	<Not Applicable>	9952	337812	347764

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment
N/a

Other biomass

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment
N/a

Other renewable fuels (e.g. renewable hydrogen)

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment
N/a

Coal

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment
N/a

Oil

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment
N/a

Gas

Heating value
HHV

Total fuel MWh consumed by the organization
178619

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment
N/a

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment
N/a

Total fuel

Heating value
HHV

Total fuel MWh consumed by the organization
178619

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment
N/a

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	6702	1452	6702	1452
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method
Unbundled energy attribute certificates (EACs) purchase

Energy carrier
Electricity

Low-carbon technology type
Wind

Country/area of low-carbon energy consumption
United States of America

Tracking instrument used
US-REC

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)
8500

Country/area of origin (generation) of the low-carbon energy or energy attribute
United States of America

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment
Unknown commissioning year of the energy generation facility.

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area
Canada

Consumption of electricity (MWh)
13488

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
13488

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
China

Consumption of electricity (MWh)
328

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
328

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Czechia

Consumption of electricity (MWh)
78

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
78

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
France

Consumption of electricity (MWh)
4

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
4

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Germany

Consumption of electricity (MWh)
117

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
117

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Hungary

Consumption of electricity (MWh)
37

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
37

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
India

Consumption of electricity (MWh)
248

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
248

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Indonesia

Consumption of electricity (MWh)
280

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
280

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Ireland

Consumption of electricity (MWh)
23

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
23

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Japan

Consumption of electricity (MWh)
11277

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
11277

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Mexico

Consumption of electricity (MWh)
4521

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
4521

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Panama

Consumption of electricity (MWh)
395

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
395

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Poland

Consumption of electricity (MWh)
27

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
27

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
South Africa

Consumption of electricity (MWh)
81

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
81

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Thailand

Consumption of electricity (MWh)
39

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
39

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

Country/area
United Arab Emirates

Consumption of electricity (MWh)
2

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
2

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
United Kingdom of Great Britain and Northern Ireland

Consumption of electricity (MWh)
4449

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
4449

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
United States of America

Consumption of electricity (MWh)
131618

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
131618

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Hong Kong SAR, China

Consumption of electricity (MWh)
45

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
45

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

Country/area
Republic of Korea

Consumption of electricity (MWh)
637

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
637

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Waste

Metric value
22828542

Metric numerator
Pounds of waste recycled

Metric denominator (intensity metric only)
N/a

% change from previous year

Direction of change
<Not Applicable>

Please explain
The following figure includes waste in pounds that is recycled based on reporting boundaries of operational control and global operations.

Description
Waste

Metric value
17648542

Metric numerator
Pounds of waste landfilled

Metric denominator (intensity metric only)
N/a

% change from previous year

Direction of change
<Not Applicable>

Please explain
The following figure includes waste in pounds that is landfilled based on reporting boundaries of operational control and global operations.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) 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
Grainger - CDP Verification Statement Limited_2022.pdf

Page/ section reference
1-3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

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
Grainger - CDP Verification Statement Limited_2022.pdf

Page/ section reference
1-3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

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
Grainger - CDP Verification Statement Limited_2022.pdf

Page/ section reference
1-3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting

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
Grainger - CDP Verification Statement Limited_2022.pdf

Page/section reference
1-3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C9. Additional metrics	Other, please specify (Waste Landfilled and Recycled (Pounds))	International Standard on Assurance Engagements (ISAE) 3000	Grainger has used Apex to perform verification of quantities for recycled and landfilled waste in pounds. Grainger - Water and Waste Assurance Statement ISAE 3000_LIMITED_2022.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers/clients

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Climate change performance is featured in supplier awards scheme

% of suppliers by number
14

% total procurement spend (direct and indirect)
58

% of supplier-related Scope 3 emissions as reported in C6.5
64

Rationale for the coverage of your engagement
In May of 2018, Grainger reorganized Global Product Management into Merchandising and Supplier Management to answer three basic questions: 1) What products should we sell, 2) How do we organize and present the products to show the value of the assortment, and, 3) What information do we need for customers to choose efficiently with confidence? This was a shift in the way we thought about our assortment decisions that affected the way we connect with our internal and external stakeholders. To understand how we could stay connected to our suppliers through this shift, we established Grainger's Supplier Engagement Program. In 2019, the Merchandising and Supplier Management team established Grainger's Supplier Engagement Program to proactively engage with the suppliers who are the most impactful to our business. We seek to partner with key strategic suppliers of sustainable products and solutions through quarterly meetings and invite suppliers to showcase their products at Grainger's North American Sales and Service Meeting. During this event, we bring our top performing suppliers together for a recognition event, Partners in Performance. This annual event also educates and informs the supplier community about Grainger's key initiatives and strategy. Reflecting 2021 performance, Grainger continued to bestow a Sustainable Supplier Award for a third year in a row. Key performance factors included sales of Environmentally Preferable Products (EPP) that manage energy and/or contribute to lower, or more transparency in greenhouse gas emissions. Additionally, we considered their own environmental stewardship as a responsible business across environment, people and governance. While quantitative measures are factored into top supplier awards, key measures of success for this annual event are qualitative as we recognize partnerships with strategic suppliers at an exclusive event with top leaders.

Impact of engagement, including measures of success
Not only does the annual Sustainable Supplier Award recognize our keynote partner in the area of sustainability, this foundation for education and awareness has led to meaningful discussions not only around our supplier's current performance within the EPP portfolio, but around new and planned innovations to bring energy efficient products to the market in addition to managing energy during product manufacturing. Supplier engagement includes a 100% audit of all products that are currently available in the portfolio in order to update and anticipate new product features to help customers manage energy, in addition discussing best practices around corporate climate action, and bringing additional value to customers through sustainable services. Measuring success includes monitoring the number of green products offered by suppliers and success is considered growth in the number of green products available. In 2021, the number of green products offered by suppliers grew by 1%.

Comment
N/a

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing	Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5
85

Please explain the rationale for selecting this group of customers and scope of engagement
We work to create a more sustainable workplace for our customers and our communities through our Environmentally Preferable Product Portfolio. The Merchandising Strategy team conducts in-depth reviews of our portfolio to determine what we should carry in our assortment, and how it should be presented to customers through our website/catalogue. This is accomplished by listening to the voice of our customers via actual feedback submitted, paired with market trends. For example, customers are telling us that they have internal goals of making their facilities greener: saving energy, saving water, buying products with recycled content or finding solutions to help them recycle products. Our merchants use this feedback during their portfolio reviews to ensure we have the right sustainable product solutions. The team makes sure we capture all the relevant product information and display it in a manner to help a customer confidently choose the product that will help them meet their sustainability goals. In order to better understand our sustainability goals, we have hosted a targeted customer roundtable at an annual National Sales and Services Meeting. As a result, we enhanced our data-driven EPP analytics. Customers taking science-based climate action seek energy efficient products that are certified as low-carbon or enable avoided emissions through transparent reporting so customers can compare data and select a sustainable option. Examples of certified low-carbon designations include Carbonfree®, EnergyStar® and DLC® Approved. We engage with key suppliers to share Environmental Product Declarations on Grainger.com where available so customers may compare and calculate product life cycle emissions. We offer our customers one of the largest green SKU counts in the industrial distribution market, providing more ways to reduce energy consumption, conserve water, reduce waste and improve indoor air quality. In addition, the company offers data driven EPP analytics to our customers helping them track, report and grow their green spend. Similarly, we equip our customer-facing team members with training, sales tools and marketing support so that they can help customers achieve meaningful progress towards their sustainability goals and initiatives. The % Scope 3 Emissions attributable to this group includes the emissions associated with product use phase.

Impact of engagement, including measures of success
We routinely review our EPP for opportunities to provide tailored solutions to customers with sustainability and EPP procurement goals. Our EPP Portfolio offers nearly 100,000 SKUs. We look at the sales performance of the EPP portfolio as our measure of success in helping customers select the products that will help them meet their sustainability goals. In 2021, EPP sales totaled $875 million, a 23 percent increase over 2020. Grainger's measure of success for the EPP portfolio is when the EPP sales growth rate is higher than general sales growth rate.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, climate-related requirements are included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

Grainger suppliers are contractually obligated to comply with all regulatory requirements for the products they sell to us, and communicate all regulatory considerations impacting the sale of their products to us. Suppliers routinely provide regulatory and sustainability information to Grainger on the products we carry in our portfolio. Suppliers are contractually obligated to notify Grainger in advance of any regulatory changes impacting their products, and we additionally prompt all suppliers to review and update their regulatory information on an annual basis. Grainger verifies and stores this information upon receipt, and we utilize third party consulting services to validate any sustainability claims. Grainger also reinforces its commitment to regulatory and sustainability through requirements in our Supplier Code of Ethics as well as our Supplier Handbook.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

100

Mechanisms for monitoring compliance with this climate-related requirement

Off-site third-party verification
Supplier scorecard or rating

Response to supplier non-compliance with this climate-related requirement

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage indirectly through trade associations

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

No, and we do not plan to have one in the next two years

Attach commitment or position statement(s)

<Not Applicable>

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

It is Grainger's policy not to actively engage with policymakers. Grainger's Business Conduct Guidelines prohibit the use of company funds or assets for political purposes, including for contributions to any political party, candidate, or committee.

Grainger may engage indirectly in activities that could influence policy, law, or regulation that impacts the climate through membership in trade associations. Grainger supports trade associations such as the United States Chamber of Commerce and the National Association of Wholesaler-Distributors. To the best of our knowledge, our support of these organizations does not play an indirect or direct role in activities that influence climate change policy.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3b

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association
Other, please specify (National Association of Wholesalers)

Is your organization's position on climate change consistent with theirs?
Unknown

Has your organization influenced, or is your organization attempting to influence their position?
We are not attempting to influence their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
We have not specifically evaluated the National Association of Wholesaler's position on climate change, so we are not able to comment on how the position differs, if at all. We are also not attempting to influence their position at this time.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)
74152

Describe the aim of your organization's funding
Contributions are directed to receiving updates regarding specific policy or legislative initiatives and discussing strategic approaches. $20,000 of the funding was directed towards the NAW Antitrust Task Force.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Trade association
US Chamber of Commerce

Is your organization's position on climate change consistent with theirs?
Unknown

Has your organization influenced, or is your organization attempting to influence their position?
We are not attempting to influence their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
We have not specifically evaluated the US Chamber of Commerce's position on climate change, so we are not able to comment on how the position differs, if at all. We are also not attempting to influence their position at this time.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)
10000

Describe the aim of your organization's funding
Contributions are directed to receiving updates regarding specific policy or legislative initiatives and discussing strategic approaches. The Company also funds the U.S. Chamber Foundation at the $10,000 level. This foundation educates the public on conditions for businesses and communities to thrive.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Trade association
Other, please specify (Illinois Chamber of Commerce)

Is your organization's position on climate change consistent with theirs?
Unknown

Has your organization influenced, or is your organization attempting to influence their position?
We are not attempting to influence their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
We have not specifically evaluated the Illinois Chamber of Commerce's position on climate change, so we are not able to comment on how the position differs, if at all. We are also not attempting to influence their position at this time.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)
10000

Describe the aim of your organization's funding
Contributions are directed to receiving updates regarding specific policy or legislative initiatives and discussing strategic approaches.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?
No, we have not evaluated

C12.4

(C12.4) 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 mainstream reports

Status
Complete

Attach the document
Graing_2022_Proxy.pdf

Page/Section reference
Governance: pg. 1; pgs. 34-37; Strategy: pg. 1; pgs. 34-37; Risk & Opportunities: pgs. 33-34; Emissions Targets: pg. 35

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment
Grainger 2022 Proxy

Publication
In mainstream reports

Status
Complete

Attach the document
Grainger_2021_Annual Report and 10K.pdf

Page/Section reference
Governance & Strategy: Cover Page / CEO Letter; Risk & Opportunities: pg. 13-20; Emission targets: initial cover pages (v)

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment
Grainger 2021 Annual Report and 10K

Publication
In voluntary sustainability report

Status
Complete

Attach the document
Grainger_ESG Report_061422.pdf

Page/Section reference
Strategy: 9-10; Governance: 12-13; Emissions Figures: 32-33; Emission Targets: 32-33; Other Metrics: 47

Content elements
Governance
Strategy
Emissions figures
Emission targets
Other metrics

Comment
Grainger 2022 ESG report

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, executive management-level responsibility	Responsibilities: As part of the Environmental, Social, and Governance (ESG) Leadership Council's role to provide strategic direction and oversight of Grainger's ESG program and to integrate relevant ESG initiatives into our business operations and strategy, members assess Grainger's ESG materiality matrix to inform and prioritize programs and opportunities. From Grainger's materiality matrix, issues that clearly impact biodiversity include water stewardship, hazardous materials management, and recycling & waste are identified. These issues will be monitored by Grainger's ESG Leadership Council. Titles: The titles of all members of the ESG Leadership Council members are: Chairman & CEO; SVP & CFO, SVP & CHRO, SVP & General Counsel; VP & President, Merchandising and Supplier Management; VP, Network Strategy & Transportation; Global Lead ESG and DEI (Sr. Director, Diversity & Corporate Responsibility). Overall ESG Governance: The Company integrates ESG initiatives into its strategy and daily operations at each level of its business. This begins with general ESG oversight by the Board Affairs and Nominating Committee (BANC), which is comprised of all independent Directors. The BANC annually reviews the Company's ESG programs and reporting, including environmental and sustainability, social responsibility to its communities, governance, the Company's culture, talent strategy, and diversity, equity and inclusion. In turn, the Compensation Committee oversees the Company's programs and policies for human capital management and assists the BANC in its oversight of the Company's programs and policies with respect to employee engagement and leadership effectiveness. The Board includes one Director with expertise in corporate sustainability and one Director with expertise in environmental matters.	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	No, and we do not plan to do so within the next 2 years	<Not Applicable>	<Not Applicable>

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	No, and we do not plan to assess biodiversity-related impacts within the next two years	<Not Applicable>

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	No, and we do not plan to undertake any biodiversity-related actions	<Not Applicable>

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No	Please select

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications	<Not Applicable>	<Not Applicable>

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chairman of the Board and CEO	Chief Executive Officer (CEO)