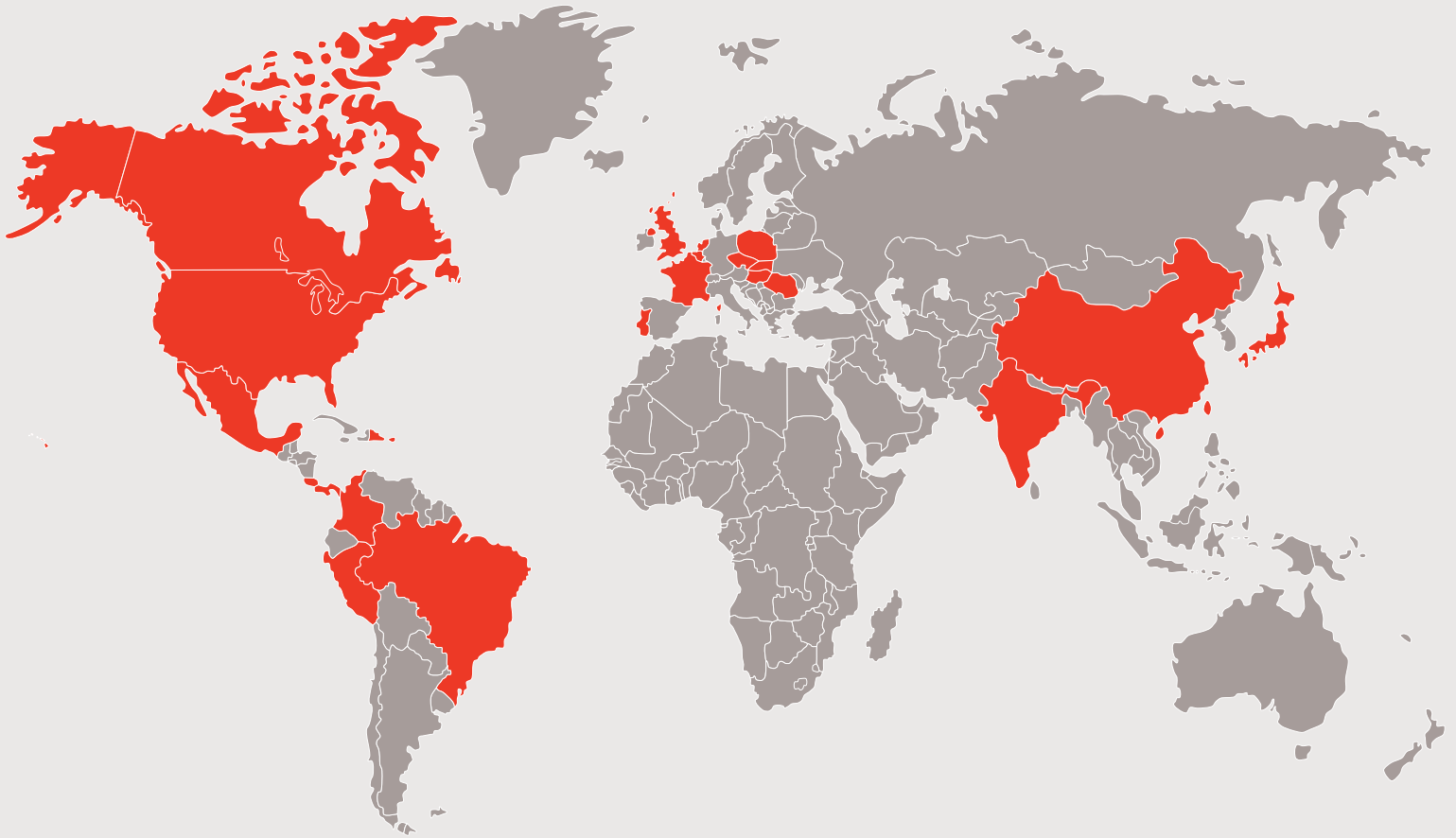


CORPORATE SOCIAL RESPONSIBILITY



Global Values.
Local Commitment.

Our Presence



W.W. Grainger, Inc., with 2012 sales of \$9 billion, is North America's leading broad line supplier of maintenance, repair and operating products, with an expanding global presence. Every day our 22,000 team members help businesses and institutions keep their facilities operating and their employees safe. Our global spirit of service fuels our commitment to making a positive difference everywhere we operate.

Our Commitments



OPERATING
RESPONSIBLY

PAGE 2



VALUING
OUR PEOPLE

PAGE 4



SERVING OUR
COMMUNITIES

PAGE 6



SUSTAINABILITY
AS A PRIORITY

PAGE 8

Message from Grainger Chairman, President and Chief Executive Officer

"Our company is built on a strong history of integrity and a true passion for service."



James T. Ryan

Chairman, President and
Chief Executive Officer

At Grainger, the way we conduct business is as important as the products and services we provide. Our company is built on a strong history of integrity and a true passion for service. This spirit of responsibility reaches across our company and comes to life each day in the many communities where our team members live and work.

In the following pages, you will learn more about the high standards we instill in our business practices and Grainger's commitment to providing team members a safe and fulfilling workplace. You will also find examples of the many ways our team members are making a difference in their local communities and how Grainger is setting the pace for environmental stewardship in our industry.

No matter where we operate around the world, we are steadfast in our dedication to service and our responsibility to ensure future generations benefit from the work we do today. I'm extremely proud of all of the Grainger team members who work tirelessly to serve our customers, communities and colleagues in a way that extends our heritage of trust and reliability into the future.

Thank you for taking the time to learn more about Grainger's corporate social responsibility story. I invite you to join us online at www.graingercsr.com. Together we can make a difference.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Ryan".

James T. Ryan



Operating Responsibly

No matter where in the world Grainger is located, there is something special about our team. There is a strong sense of service and pride in the work we do. We know that this is a great time to grow our business and also create opportunities for others. This “shared value” approach is the foundation of our corporate social responsibility and inspires team members around the world to operate with the highest standards and ethics.

At Grainger, we deliver high-quality products and superior service to our customers and communities every day. This intentional focus happens at every level of the business and begins with a strong sense of integrity and rigorous operational procedures. We are committed to effective corporate governance as an integral component of our company’s overall performance, and we continually review, evaluate and modify our program to ensure we exemplify high operating standards. This effort is overseen by Grainger’s Board of Directors, which holds us accountable for living up to our heritage and staying true to our values.

Every Grainger team member across the globe has the responsibility to maintain exemplary business conduct and foster an ethical workplace. The company’s Business Conduct Guidelines outline the ethical and legally correct conduct expected of our team members in a variety of business situations. All Grainger team members receive training on these guidelines. Additionally, each year they certify their personal commitment to these guidelines and their responsibility to keep the principles top of mind every day.

OUR SUPPLIERS, OUR PARTNERS

Strong supplier partnerships are a cornerstone of Grainger’s business. Every day we work closely with thousands of suppliers—from small to large, international to local—so we can provide our customers quick and

easy access to a broad range of quality products. Our success is shared, and in return, we hold each of our suppliers to a high business standard, requesting they comply with operational and product quality standards and meet packaging and labeling requirements.

Grainger strives to reflect diversity in our team members, our products and the suppliers with whom we do business. Through efforts such as our U.S. supplier diversity program and partnerships in Canada supporting Aboriginal businesses, we are continually expanding our strong and diverse supplier base. This ongoing commitment to supporting diverse suppliers has been consistently recognized through industry awards such as the following:

Awards

- 2011 Women’s Business Enterprise National Council Applause Award
- 2012 Chicago Minority Supplier Development Council Anders C. Rasmussen, Jr. Award

FOSTERING AN ENVIRONMENT OF IMPROVEMENT

Continually improving is a way of life at Grainger. We use continuous improvement methodology to empower our team members to ask tough questions and find solutions that make our facilities and processes both safe and efficient. One distribution center team in the U.S. used this method to identify a significant safety improvement by keeping powered industrial equipment—such as forklifts, dock trucks and order pickers—out of work areas while team members perform check-in functions. Through this type of engagement, team members across the company are continually finding new ways to drive innovation in the way we work and serve customers.



A STRONG AND DIVERSE SUPPLY CHAIN

20,000

ITEMS AVAILABLE FROM
CERTIFIED DIVERSITY
SUPPLIERS IN GRAINGER'S
2013 U.S. CATALOG



6,700

INDIVIDUALS EMPLOYED BY OUR
DIVERSITY SUPPLIERS
IN THE U.S.



"GRAINGER PUTS A LOT INTO ITS SUPPLIERS," SAYS PAULA LOMBARD, PRESIDENT OF WEXCO INDUSTRIES. "THEY TEACH YOU AND GIVE YOU THE TOOLS TO SUCCEED. EACH SUPPLIER RECEIVES GUIDELINES ON DOING BUSINESS WITH GRAINGER, AND THEY MEET WITH US TO TALK ABOUT TRAINING AND SALES. IT'S A VERY TEAM-ORIENTED ATMOSPHERE."

think green



GRAINGER WORKS WITH HUNDREDS OF SUPPLIERS TO OFFER AN EXTENSIVE SELECTION OF GREEN PRODUCTS. IN THE U.S. AND CANADA, GREEN ICONS MAKE IT EASY FOR CUSTOMERS TO FIND THE MORE THAN 19,000 ENVIRONMENTALLY FRIENDLY PRODUCTS GRAINGER HAS AVAILABLE ONLINE.



Valuing Our People

Grainger was founded on the fundamental belief that an equal focus on team members and customers is critical to delivering exceptional service and outstanding results. That belief comes to life every day in our dedication to Talent Excellence. We are committed to creating a great experience for each and every Grainger team member. When our people are aligned, motivated and safe, they help us create the best solutions for our customers and position the company for long-term success.

CREATING A WINNING WORKPLACE

Grainger is committed to hiring, developing and retaining top talent; we focus on unlocking the full potential of our people by creating an inclusive environment where their diverse contributions, perspectives and skills are valued. Strong benefits, competitive pay and growth opportunities help us reward and recognize the contributions of our team members today while developing the leaders of tomorrow. Our total compensation philosophy combines a generous approach to health and welfare benefits with the flexibility needed to meet the diverse needs of our team members.

At Grainger, taking care of business also includes taking care of each other. Whether it is working with a team member to deliver the right solution to a customer or going that extra mile to help a colleague in a personal emergency, we are quick to respond. This culture of commitment is apparent when times are good and when they are tough—the hallmark of a great workplace.

Grainger team members extend our culture of caring into the local community through participation in an employee charitable matching gifts program. Grainger matches team member contributions three-to-one in the U.S. and is proud to represent less than one percent of companies that match contributions at this rate.

Our people represent a winning culture. Their efforts have led to numerous awards including the following:

Awards

- 2013 FORTUNE 100 Best Companies to Work For® (U.S.)
- Canada's 10 Most Admired Corporate Cultures™ of 2012 presented by Waterstone (Canada)
- Computerworld's 100 Best Places to Work in IT 2012 (U.S.)
- Súper Empresas 2012 by Expansión Magazine (Mexico)

SAFETY FIRST MEANS PEOPLE FIRST

At Grainger, we take our role as North America's largest safety supplies distributor personally. Safety is about making our team members' well-being a priority and that's why at Grainger we take a comprehensive approach to maintaining a safe working environment. This is particularly important at our branches and distribution centers, where equipment and team members are constantly in motion. From daily stretching exercises and inspection of proper safety gear to specialized job training, team members are actively involved in designing programs and helping each other, knowing they are the first line of defense against accidents.

As part of our safety planning, Grainger is launching a *Safety Around the World* initiative, which will help all of our businesses keep team members safe through performance measurements and operational controls. This effort includes the recent launch of our new web-enabled Environmental, Health and Safety (EH&S) management system that will harmonize global implementation of the International Organization for Standardization (ISO) 14001 and Occupational Health and Safety Assessment Series (OHSAS) 18001 requirements. Adopting these systems increases Grainger's ability to communicate and manage environmental, health and safety principles consistently around the world.



PEOPLE ARE THE HEART OF OUR SUCCESS

growing at grainger

Grainger provides team members opportunities to grow professionally through training, mentor relationships and by taking leadership roles in Grainger's community programs. In the U.S., more than 4,000 team members choose to participate in Business Resource Groups (BRGs). These affinity groups promote ethnicities, genders, generations and professional goals and inspire a culture of inclusion and diversity.



"There is so much value in building relationships with people who are outside of your immediate scope," said participant Chris Sperry of mentoring Lillian Bleiman. "The BRG mentoring program has inspired unexpected breakthroughs for both of us."

development across borders

Christian Lipezker
Director of Integration
Grainger Brasil



Grainger's focus on developing future leaders means providing team members diverse experiences and opportunities to learn about different cultures. Just ask team member Christian Lipezker. He shares, "I've been with Grainger for six years, first with International Finance and then Corporate Financial Planning and Analysis. Over the years, I've had the opportunity to be involved with Grainger's growth into Central and South America, including being a part of the team that set up the Panama operation and extensive work with the acquisition and integration of our new businesses in Colombia and now Brazil. Having had the experience of working for several multinational corporations prior to coming to work at Grainger I am certain in saying that Grainger has, by far, the best talent, provides opportunities and truly is a company that values its people."

recognizing the success of others



Grainger is committed to helping businesses and institutions keep their employees safe and productive through an extensive line of safety products and services. In Canada, Acklands-Grainger has extended their commitment to safety through a partnership with *Canadian Occupational Safety (COS)* magazine. The partnership launched *Canada's Safest Employers Award*, the first-ever nationwide search for outstanding employers making a difference in occupational health and safety.

"In seeking partners for this important initiative, we looked for organizations that share our common vision of upholding workplace safety and injury prevention," said COS editor, Mari-Len De Guzman. "With its 120-year history of helping keep Canadian workers safe on the job, Acklands-Grainger shares this common goal."



Serving Our Communities

Grainger is a champion of its local communities, and our people are committed to making a difference by utilizing their time and talents around the world. We make a difference locally by using our resources and expertise to partner with and support communities where we operate.

WE ARE THERE WHEN YOU NEED US

Around the world, Grainger team members are making a difference in their local communities:

- Team members in Canada support the United Way, raising more than \$2.6 million for communities in need since 2000. The team also supports the Canadian Red Cross, Children's Wish Foundation of Canada, Easter Seals and WIN House. The business was an Official Supplier to the 2010 Vancouver Winter Olympics and the 2012 Canadian Olympic Team and was a corporate contributor to the Rick Hansen 25th Anniversary Relay.
- Instead of receiving holiday gifts, team members in the Netherlands made a donation to the Ronald McDonald House Charity, including gifts for families staying at a Ronald McDonald House during the holidays.
- Team members in Mexico partner with Teletón to support local children who are dealing with cancer and mental and physical disabilities. With a philosophy of "love and science at the service of life," the Mexico team has mobilized to provide nearly \$200,000 over the past four years in cash and product donations to support comprehensive care for at-risk youth.
- Team members in Japan volunteer at local orphanages on a monthly basis to cook, read and play games with the children. The team also cleans and provides facility maintenance support.

BUILDING A CULTURE OF PREPAREDNESS

The greatest resource a business can provide in times of disaster is the power of its people. From earthquakes in China, Haiti and Japan to hurricanes and floods in the U.S. and Canada, Grainger businesses and team members across the globe have donated time, products

and resources to prepare for and respond to disasters.

Whether it is providing coats in preparation for a winter storm or volunteering with the Red Cross Ready When the Time Comes™ program, our team has demonstrated over and over again that they are ready to respond when help is needed most.

Grainger has built a strategic partnership with the American and Canadian Red Cross organizations, providing more than \$13 million to support preparedness and relief efforts across the globe. We are the national founding sponsor of the Ready When the Times Comes™ volunteer program in the U.S. and Canada, which has trained more than 15,000 volunteers from 500 companies and organizations. More than 1,500 Grainger team members are trained disaster volunteers in the U.S., Canada and Puerto Rico. In 2011, Grainger also became the national launch sponsor of Volunteer Connection, a next-generation volunteer management system that will help the American Red Cross better recruit, engage and deploy volunteers.

INVESTING IN A BRIGHT FUTURE

One of the best ways Grainger can ensure the vitality of the industries and communities we serve is by developing and supporting a strong local workforce. This is essential to our industry's future and how we remain a productive, competitive and innovative society. We are passionate about supporting technical education, the skilled trades and the individuals who do these important jobs. To help build the pipeline for tomorrow's skilled workers in the U.S., we created scholarship and awareness programs, such as the Grainger Tools for Tomorrow® scholarship program and the Trades in Focus toolkit. Since 2006, Grainger has contributed more than \$2 million in support of technical education in the form of scholarships, toolkits, technical education programs and awareness initiatives. Our vision is to create an environment that makes the training and advancement of the skilled trades a priority. Half of Grainger's scholarships in the U.S. are earmarked to veterans of the U.S. Armed Forces.



a culture of volunteerism



In Canada, more than 160 team members are trained as Ready When the Time Comes™ volunteers. In the U.S., volunteers have deployed to help during more than 50 disasters, including Hurricane Sandy in 2012.

"Volunteering is very important to me. I am able to give back to my community and help others when they are in need. Volunteering also helps me to appreciate and be thankful for what I have while improving the lives of others."—*Jacqueline Gudmand, Grainger Ready When the Time Comes™ volunteer deployed during Hurricane Sandy in Queens, New York*

tools to educate future generations



Fabory Group, the European-based fastener distributor acquired by Grainger in 2011, began partnering with Delft University of Technology in the Netherlands in 2007, when asked to provide materials for a lecture series on fastening technology. The original presentation to 15 students

has now expanded into a full-scale annual lecture for approximately 200 students. "It's a unique opportunity to share our fastening know-how," says René Jepma, Technology Manager. "At some stage in their future careers, the students will be making choices about fastener technologies and products."



"Grainger truly understands that we are all connected and depend upon each other's success. If it were not for Grainger's scholarship I wouldn't have had the opportunity to explore the industrial trades," said Grady Knight, Grainger Tools for Tomorrow® scholarship program recipient. Since 2006, Grainger has awarded more than

500 scholarships to 100 community colleges in the U.S. Upon graduation, students receive a custom Westward® toolkit to help successfully launch their careers.

grainger community grant program

The Company is proud to participate with The Grainger Foundation in the Grainger Community Grant Program to help address local community needs throughout the United States. The Grainger Foundation is an independent, private foundation that was established in 1949 by William Wallace Grainger, the Company's founder.

Under the Program, Grainger's branch managers identify charitable organizations in their local communities and make recommendations to the Foundation for grants ranging from \$1,000 up to \$10,000. As a result of recommendations by branch managers in 2012, the Foundation made 880 grants totaling \$6.6 million to a wide variety of health and human service, civic, and educational organizations.



Sustainability as a Priority

Reporting carbon emissions is a growing trend for companies around the globe and an indicator of a company's commitment to sustainability. Grainger is among 3,000 organizations in 60 countries that disclosed its greenhouse gas emissions and climate change strategies with the Carbon Disclosure Project (CDP) in 2012. Grainger is the first industrial distributor to publicly disclose its carbon footprint through the CDP. Grainger's submission represented our U.S. operations. Plans include reporting our full global footprint in the upcoming years.

Sustainability for Grainger means meeting the present generation's needs without compromising the future generation's ability to do the same. We continue to bring customers more innovative products and solutions to help them with "green" facility management and have incorporated more sustainable practices into our own operations. By looking for ways to reduce energy consumption in our facilities, recycling more and empowering employees to prioritize sustainability in their business decisions, we can all make a greater difference.

In addition to our participation with CDP, Grainger was also the **first** industrial distributor to:

- Have Leadership in Energy and Environmental Design (LEED) certified facilities. Since 2008, Grainger has used the LEED green building rating system to build and maintain more environmentally responsible facilities. On

average, LEED-certified facilities reduce energy costs by 30 percent, water usage by 35 to 50 percent and overall waste by as much as 90 percent. Grainger operates 15 LEED facilities in the U.S., Canada and Mexico.

- Be recognized by the Environmental Protection Agency as a SmartWay Transport Partner. This recognition came as a result of Grainger's efforts to partner with carriers to deliver products in an environmentally responsible manner.
- Take the pledge for the Department of Energy's Quality Advocates program. By doing so, Grainger agreed to require all suppliers of LED products to provide performance test data, ensuring that all claims were verified.

LIGHTING THE WAY

Grainger Lighting ServicesSM (GLS) partners with customers in the U.S. to improve their lighting systems. Since 2010, GLS has worked with thousands of customers that, cumulatively, have reduced more than 200 million kilowatt-hours of electricity and saved more than \$20 million. We also offer LEED-GATM trained consultants who can help customers build their own "green" roadmaps and strategies. In our own facilities, Acklands-Grainger has initiated a lighting efficiency program, updating more than 100 facilities in the last four years. The U.S. operation conducts a similar program that has resulted in an average 15 percent decrease in energy consumption at 50 upgraded facilities.



In 2012, distribution centers in the U.S. recycled an average of 303 tons of cardboard and 22 tons of plastic wrap per facility for a total recycling rate of 72 percent.



solar power

In 2011, Grainger completed the installation of a 3-mega-watt solar-power system at our New Jersey Distribution Center. This system offsets more than 4.5 million pounds of carbon dioxide emissions annually, which is equivalent to 455 acres of pine trees.

Global Values. Local Commitment.

Please join us to help advance [Grainger's corporate social responsibility](#) commitments. Share your experiences and thoughts on how we can use our resources to make a difference in the communities where our team members and customers live and work. With our spirit to serve and your continued partnership, we know that together, we can make things better.



Thank you to the Grainger team members featured on the cover and throughout this report.

Scan this code to learn more about Grainger's commitment to corporate social responsibility or visit www.graingercsr.com.

Need an app for your phone? Point your browser to <http://upcode.mobi>

