

## C0. Introduction

## C0.1

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

W.W. Grainger, Inc., is a leading broad line distributor of maintenance, repair and operating (MRO) products in North America, Japan and the United Kingdom. We achieve our purpose, We Keep the World Working®, by providing our customers with the products and services they need to keep their operations running and their people safe. In 2022, Grainger reached \$15.2 billion in total company sales with more than 4.5 million active customers who 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. These customers rely on Grainger for products in categories such as safety, material handling, and metalworking, along with services like inventory management and technical support. Grainger has more than 26,000 team members, more than 5,000 suppliers (product suppliers with \$100K spend in 2022), and more than 30 million products offered globally. For more information on Grainger, visit [invest.grainger.com](https://invest.grainger.com)

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.****Reporting year****Start date**

January 1 2022

**End date**

December 31 2022

**Indicate if you are providing emissions data for past reporting years**

No

**Select the number of past reporting years you will be providing Scope 1 emissions data for**

&lt;Not Applicable&gt;

**Select the number of past reporting years you will be providing Scope 2 emissions data for**

&lt;Not Applicable&gt;

**Select the number of past reporting years you will be providing Scope 3 emissions data for**

&lt;Not Applicable&gt;

## C0.3

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

Canada  
 China  
 Czechia  
 France  
 Hong Kong SAR, China  
 Hungary  
 India  
 Indonesia  
 Ireland  
 Japan  
 Malaysia  
 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 or committee	Responsibilities for climate-related issues
Board-level committee	General ESG oversight is provided by the Board Affairs and Nominating Committee (BANC), which is comprised of all independent Directors. The BANC annually reviews the Company's ESG strategy, programs, and reporting, which includes climate-related topics, as energy and emissions is one of our four near-term strategic ESG priorities. In addition to the annual ESG review received by the BANC, the BANC receives routine reports and updates on ESG and climate matters on an as-needed basis. Additionally, the Compensation Committee of the Board (CCOB) has oversight on climate- and ESG-related executive compensation matters, and receives updates on that on an as-needed basis. Similarly, the Audit Committee (AC) has oversight to ESG as it relates to SEC disclosure requirements on the topic, including the SEC's proposed ruling on climate disclosures. Each Director possesses ESG experience, including directors with particular expertise in corporate sustainability and in environmental matters. An example of a climate-related decision made by the BANC and CCOB was the inclusion of an ESG modifier within the executive leadership team's annual incentive program, the 2023 Company Management Incentive Plan (MIP). The ESG modifier can increase or decrease payouts determined by financial performance by up to +/- 10 percentage points based on two quantitative metrics. One of the metrics directly measures part of our climate impact through the performance of our total absolute scope 1 & 2 emissions. While the final approval of the program and decision rested with the CCOB, the pathway leading to that approval included the visibility and involvement of the BANC throughout a timeline spanning over a year.
Chief Executive Officer (CEO)	The Company's ESG efforts are led by the Chairman and CEO who chairs the ESG Leadership Council, which comprises our most senior leaders including all of the CEO's U.S. direct reports, our Vice President of Network Strategy and Transportation, Vice President of Merchandising and Supplier Management, and Sr. Director of Diversity & Corporate Responsibility. 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, the Audit Committee, and the Compensation Committee, as appropriate. Climate-related topics fall under the scope of responsibility of the ESG Leadership Council, and one of the four near-term ESG priorities for Grainger includes energy and emissions. Under the leadership of the CEO, Grainger made strategic decisions in 2023 regarding energy-efficient and environmentally sustainable building certifications for the design, construction, operation, and maintenance of Grainger's facility footprint. The CEO also played a critical role in the decision to include ESG metrics as part of executive compensation for 2023, of which included our total absolute scope 1 and 2 emissions. Furthermore, the ESG Leadership Council, led by the CEO, played a pivotal role as decision-makers in the process of narrowing down our ESG material topics to four key near-term priorities, with energy and emissions being one of them.

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	<p>Reviewing and guiding annual budgets</p> <p>Overseeing major capital expenditures</p> <p>Overseeing acquisitions, mergers, and divestitures</p> <p>Overseeing and guiding employee incentives</p> <p>Reviewing and guiding strategy</p> <p>Overseeing the setting of corporate targets</p> <p>Monitoring progress towards corporate targets</p> <p>Overseeing value chain engagement</p> <p>Reviewing and guiding the risk management process</p> <p>Other, please specify (Monitoring progress towards corporate strategy)</p>	<Not Applicable>	<p>Grainger integrates ESG initiatives into its strategy and daily operations at every level of its business. This begins with general ESG oversight by the Board Affairs and Nominating Committee (BANC), which comprises all independent Directors. The Board recognizes the importance of ensuring that our strategy creates sustainable long-term value for Grainger's shareholders and other stakeholders. The Board includes Directors with particular expertise in corporate sustainability and environmental matters. At least annually, the BANC comprehensively reviews Grainger's ESG strategy, programs and reporting, including environmental sustainability and climate-related topics with senior management. Recent climate-related topics presented to the BANC in 2022 include details on Grainger's emissions reduction initiatives, such as solar investments, conversion of powered industrial equipment from lead-acid batteries to green hydrogen fuel cells and Grainger's scope 3 strategy.</p> <p>In addition to the BANC's annual review of ESG strategy, the BANC, Compensation Committee, and Audit Committee receive routine reports and updates on ESG and climate-related matters as needed. For example, the Board regularly receives updates on Grainger's emissions reduction performance throughout the year via an enterprise-wide scorecard, allowing progress monitoring on our emission reduction target. The BANC Committee Charter specifically assigns ERM reviews of the Company's ESG programs and reporting, which includes climate-related risk, to the BANC. The Compensation Committee oversaw the recent integration of an ESG modifier within the executive leadership team's annual compensation program. Additionally, the Board's Audit Committee received updates on climate-related regulation and climate/ESG reporting topics. As part of its practice since 2017, the Company also proactively made the Board's Lead Director available to investors in 2022 to explain and discuss Grainger's ESG and executive compensation practices and policies.</p>

**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. Criteria used to assess competence of board members on climate-related issues is based on the board member(s) ability to consider appropriate ESG strategies, including environmental and climate topics, as well as direct experience from their professional occupations. 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.

Position or committee

Chief Executive Officer (CEO)

Climate-related responsibilities of this position

Integrating climate-related issues into the strategy  
Setting climate-related corporate targets  
Monitoring progress against climate-related corporate targets  
Managing value chain engagement on climate-related issues  
Assessing climate-related risks and opportunities  
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

Grainger's ESG Leadership Council is comprised of the Chief Executive Officer (CEO), as well as the Senior Vice President and Chief Financial Officer (CFO), Senior Vice President and President of Grainger Business Unit, Senior Vice President and President of Global Supply Chain and Customer Experience, Senior Vice President and Chief Human Resources Officer (CHRO), Senior Vice President and Chief Legal Officer, Vice President and Chief Technology Officer, Vice President and Chief Product Officer, Vice President of Merchandising and Supplier Management, Vice President of Network Strategy and Transportation, and Sr. Director of Diversity & Corporate Responsibility. Climate-related responsibilities listed in our response are assigned to the Chairman and CEO because that role leads the company's ESG efforts and chairs the ESG Leadership Council. The ESG Leadership Council meets at least quarterly to discuss pertinent ESG issues and objectives, which include climate-related issues. During ESG Leadership Council meetings, the CEO regularly receive updates on Grainger's climate-related issues, provides strategic direction on climate-related issues, oversees and approves our climate-related corporate targets, receives performance updates on progress against climate-related corporate targets, provides direction on the management of value chain engagement on climate-related issues, and assesses and manages climate-related risks and opportunities that are routinely brought forth in the ESG Leadership Council meetings. The CEO and ESG Leadership Council are supported by cross-functional ESG Working Groups comprised of subject matter experts focused on near-term and material ESG priorities and topics, including two Working Groups specifically aimed at Scope 1 & 2 emissions and Scope 3 emissions, respectively. The Working Groups manage and implement the strategic guidance from the CEO and ESG Leadership Council. The Scope 1 & 2 and Scope 3 Working Groups provide regular updates and deep-dives to the ESG Leadership Council, which enable the CEO's climate-related described responsibilities.

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	Yes	During 2022, in partnership with the Compensation Committee's independent compensation consultant and our ESG Leadership Council, we studied various notional compensation program designs to assess how various ESG metrics could align with our goal to drive a purpose-driven culture that enables strong performance and aligns with our ESG objectives. Informed by this review, for 2023, the Committee approved integrating an ESG modifier within the NEOs' annual incentive program, the 2023 Company Management Incentive Plan (MIP). The 2023 MIP will continue to be underpinned by equally weighted financial metrics, daily sales growth and adjusted ROIC as it encourages management to focus on profitable growth. The ESG modifier can increase or decrease payouts determined by financial performance by up to +/-10 percentage points based on two quantitative metrics: total absolute scope 1 and 2 emissions and diverse leadership representation.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

Corporate executive team

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Reduction in absolute emissions

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

During 2022, in partnership with the Compensation Committee’s independent compensation consultant and our ESG Leadership Council, we studied various notional compensation program designs to assess how various ESG metrics could align with our goal to drive a purpose-driven culture that enables strong performance and aligns with our ESG objectives. Informed by this review, we have integrated an ESG modifier within the Grainger Leadership Team’s annual incentive program for 2023. The ESG modifier can increase or decrease payouts determined by financial performance by up to +/-10 percentage points based on two quantitative metrics: total absolute scope 1 and 2 emissions and diverse leadership representation.

Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan

The climate-related quantitative metric included in the annual executive incentive program, total absolute Scope 1 and 2 emissions, is directly related to Grainger’s public climate-related target to reduce total absolute Scope 1 and 2 emissions 30% by 2030 from a 2018 baseline. Therefore, our annual executive compensation program aligns with Grainger’s public targets and efforts to reduce emissions and minimize our climate-related impact.

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?

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, which includes both quantitative and qualitative metrics across multiple dimensions. The quantitative metric, which is the Financial dimension, is aligned with metrics used for both SEC Reporting and Sarbanes Oxley testing of internal controls over financial reporting. 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 the process of evaluating risks and opportunities, **Grainger defines substantive strategic / financial impact as any that are assessed as having the following combinations of Impact and Likelihood ratings.** Risks and/or opportunities that are not assigned with the level of impact and likelihood combinations described would not be defined as substantive. Further definitions and details of the ratings are outlined below.

### **Substantive strategic/financial impact ratings:**

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

The Impact Ratings measure risk on a 1 (Incidental) to 5 (Extreme) 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.**

**1 – Incidental:** An event causing no disruption in production operations nor any measurable impact on the ability to achieve business objectives

**2 – Minor:** An event causing minimal disruption in production operations and/or having minor impact on the ability to achieve business objectives

**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 production 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 – Extreme:** An event causing serious and extended disruptions in production 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 (rare) to 5 (frequent) scale.

**1 - Rare:** A loss event is not expected to occur within the next 10 years

**2 - Unlikely:** A loss event is expected to occur at least once within the next 6-9 years

**3 - Possible:** A loss event is expected to occur within the next 3-5 years

**4 - Likely:** A loss event is expected to occur at least once within the next 1-2 years

**5 - Frequent:** A loss event is expected to occur at least once within the next year

## C2.2

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(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, and the BANC with direct ESG ERM oversight. 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 members of Grainger's management who are responsible for the effectiveness of Grainger's ERM programs.

Identification: Grainger uses external benchmarking to determine applicable short-term, medium-term, and long-term risks for the organization. Additionally, leaders of various functions across the organization support the ERM team in identifying relevant risks related to their respective subject matters. Specifically, the ESG team collaborates with other business units, including Internal Audit and ERM, to periodically evaluate relevant climate-related risks and changes to risks throughout the year. Either once a risk is identified, or at least once every two years, the ERM team polls and engages the Grainger Leadership Team and the Board to determine the organization's top risks from a list of risks applicable to the Grainger organization. Furthermore, the ERM team is organizationally within the Internal Audit department and therefore, integration of risk knowledge is shared. Internal Audit has a dynamic risk assessment in which the Company's entire risk universe, along with emerging risks, is evaluated based on impact and likelihood.

Assessment: Each identified top 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 deep dive on select risks and provides an assessment to the applicable owner. The deep dives are a joint product between the identified risk owner (executive leadership team member and appointed team members) and the 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 identified risks occur throughout the year. Additionally, quarterly updates are provided by the Enterprise Risk Management team to the Board through a metrics dashboard and through deep dive assessment memos as they are completed, that assess and monitors performance of Grainger's top enterprise risks. In addition to the specific focus on top ERM risks, Internal Audit, who functionally reports to the Audit Committee of the Board of Directors, executes its audit plan and communicates its results on a quarterly basis. Reporting includes significant and emerging risks identified, as applicable, which sometimes results in additional audits in the current year's plan. As mentioned in the identification process, the ESG team collaborates with relevant functional teams and business units including Internal Audit, to identify and assess emerging or evolving risks related to climate on an ongoing basis.

Response to risk: Grainger executive leadership team members are assigned a top 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, and the BANC with direct ESG ERM oversight. 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. Any top risks related to climate that are identified by ESG and Internal Audit teams would be part of this process and follow the same procedures.

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 and emerging regulatory risks are identified and monitored by Controllershship, Corporate Real Estate & Facilities, ESG, Internal Audit and Legal teams through an ESG Risk & Regulatory Working Group, in collaboration with other business departments as relevant. Current regulation risks include those that support (or oppose) renewable energy, such as federal and state incentive programs or solar taxes like the Inflation Reduction Act. The clean energy tax credits that are part of this legislation are a key component of our renewable energy strategy and essential for achieving our GHG reduction targets. For example, the Inflation Reduction Act provides tax credits that benefit Grainger and enables our expansion of green hydrogen fuel cells to replace traditional batteries in our Power Industrial Equipment (PIE) after our successful pilot last year. Investments are prioritized based on investment viability / financial returns and carbon reduction potential. The Corporate Real Estate & Facilities Team has built a viability scale for sustainability initiatives based on our Internal Return Rate (IRR). A reduction in federal and state incentives may impact the investment viability of certain GHG emission reduction projects.
Emerging regulation	Relevant, always included	<p>Risks identified by Controllershship, Corporate Real Estate &amp; Facilities, ESG, Internal Audit and Legal departments, in collaboration with other business departments as relevant, include emerging regulations. Risks related to emerging regulations may include, but are not limited to those that:</p> <ul style="list-style-type: none"> <li>• Impact the price of materials utilized in the manufacturing process of goods purchased and/or sold that are key to our renewable energy strategy (e.g., international trade tariffs on imported photovoltaic cells)</li> <li>• Require more stringent climate disclosures</li> <li>• Require further climate action and/or targets to maintain our status as a major federal supplier, etc</li> </ul> <p>Such legislation has the potential for impacting Grainger's suppliers, product offering, operations, facilities and/or customers. 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 and climate-related metrics are routinely monitored. For example, the potential impact and risk of the SEC's proposed Climate Disclosure Rule, as well as the Federal Acquisition Regulation's proposed Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk rule, are monitored and evaluated by Grainger. 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. Monitoring and examining these risks allows for the development of mitigation strategies and action should legislation pass.</p>
Technology	Relevant, always included	<p>Risks related to technologies supporting our GHG emissions reduction targets are considered and evaluated by Corporate Real Estate &amp; Facilities, in collaboration with other relevant business departments. Examples of relevant technology risks that have the potential to impact Grainger's operations, financial viability of initiatives, and overall emission reduction progress include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Solar panels: risks may include performance and reliability of solar panels (e.g., weather conditions, defects, degradation, etc.) and complex global supply chains required to produce solar panels, which are subject to disruptions and quality control issues.</li> <li>• Green hydrogen: some risks associated with green hydrogen include costs, efficiency (compared to traditional hydrogen production methods), and ability for hydrogen production to scale with increasing demands, which could lead to supply chain disruptions and delays.</li> <li>• Building controls: In the past, building controls have been too costly to implement, however, newer applications have contributed to Grainger's emissions reduction efforts.</li> </ul> <p>Additionally, 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 to leadership monthly.</p>
Legal	Relevant, always included	<p>Potential risks related to Grainger's Environmentally Preferable Products (EPP) and their environmental claims are assessed routinely at Grainger by an interdisciplinary group led by Merchandising and Supplier Management. EPP are designed to have a lesser or reduced effect on the environment when compared to competing products that serve the same purpose. This is a growing segment of Grainger's business and can contribute to GHG reductions in Scope 3 product use phase. Grainger's EPP listings are based on third-party certifications or other evidence of relevant product attributes submitted by the product suppliers. 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, regularly. EPP product claims are evaluated with a third-party provider based on the Federal Trade Commission's Guides for the Use of Environmental Marketing Claims ("Green Guides"). To guide customers toward sustainability solutions that may meet their needs, Grainger has developed a Sustainability Solutions landing page on our website. The solutions are organized by sustainability categories including energy, waste, air quality and water management. Grainger's EPP are identified with a "green" filter during the search process, accompanied by a green leaf icon. The technical specifications section of each product contains a detailed explanation of the certificate or attribute, making it simple for customers to understand the environmental benefits.</p>
Market	Relevant, always included	<p>Based on market assessments, Grainger has determined that our ability to provide a robust offering of sustainability solutions (products, services and resources) is critical for meeting key customer needs. Customer Strategy, Merchandising, and Supplier Management teams work collaboratively with business units across Grainger to support our customers through our Environmentally Preferable Product (EPP) portfolio, a key component of a growing sales segment for Grainger and an opportunity to reduce our Scope 3 emissions. In 2022, Grainger High-Touch Solutions U.S. EPP sales reached more than \$1B. We offer our customers a broad assortment of EPP products, to help customers select products that feature environmental attributes. EPP products are based on third-party certifications or other evidence of relevant product characteristics submitted by the product suppliers. EPP claims are evaluated with a third-party provider based on Federal Trade Commission's Guides for the Use of Environmental Marketing Claims. For climate change, examples of independently tested certifications include, but are not limited to, Carbonfree® Certified, EnergyStar®, and EnergyAware®. A Sustainability Product Report that helps customers track, report and grow their EPP spend is available upon request. In addition, we have vetted a network of partners who are qualified, licensed, and insured with the ability to provide Sustainability Related Services. We have developed training, sales tools, and marketing support for our customer-facing team members so that they can help customers achieve meaningful progress towards their sustainability goals and initiatives. We also monitor and look to mitigate risks associated with our sustainability solutions, including our capacity to meet customer demand and the potential for heightened competition.</p>
Reputation	Relevant, always included	<p>Grainger's continued success is substantially dependent on positive perceptions of Grainger's reputation. Grainger assesses reputation considerations through its ESG Governance structure, which includes the ESG Leadership Council composed of Grainger's full executive leadership team and multiple ESG Working Groups. These Working Groups are comprised of subject matter experts from ESG, Finance, Corporate Real Estate &amp; Facilities, Customer Strategy, Human Resources, Global Ethics and Compliance, Legal, Merchandising and Supplier Management, and Risk Management teams. 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. Additionally, increasing customer and investor expectations regarding climate-related actions such as disclosure and risk mitigation could impact our reputation, and as a result impact our business relationships and performance (e.g., sales). That said, Grainger's commitments to sustainability and customer relationships ensure that we continue to enhance our reputation by mitigating climate risks, setting and meeting emission reduction targets, and providing Environmentally Preferable Products and Sustainability Related Services through a vetted network of partners who are qualified, licensed, and insured.</p>
Acute physical	Relevant, always included	<p>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. As part of Grainger's enterprise risk management, Internal Audit partnered with the Supply Chain leadership team to facilitate a deep dive into supply chain risks and 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.</p>
Chronic physical	Relevant, always included	<p>Chronic physical risks are identified by Corporate Real Estate &amp; Facilities and Risk Management teams, 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 team members and supply chains, increasing operational costs in our distribution centers and branches through additional air conditioning requirements. Grainger has implemented projects to analyze and mitigate risk arising from long term shifts in climate patterns, such as heat waves induced by increasing average temperatures.</p>

**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 (Risk of exposure to an extreme weather event and hazard such as wildfire, floods, and hurricane/typhoon related climate change)
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**Primary potential financial impact**

Decreased revenues due to reduced production capacity

**Climate risk type mapped to traditional financial services industry risk classification**

&lt;Not Applicable&gt;

**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 or catastrophic events such as wildfires, floods, and hurricanes related to climate change. Due to this risk, Grainger conducts Business Impact Analyses 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. It did not include our Louisville DC as it had not yet been brought online. 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, Mira Loma, CA, and Jacksonville, FL, as the state of California is more prone to prolonged droughts and extensive wildfires while the Jacksonville location is exposed to hurricane / tropical storm damage that can impact Grainger's ability to do business. 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, and Hurricane Ian in Florida. 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)**

&lt;Not Applicable&gt;

**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 completely destroys any one of the ten DCs within the scope of the analysis. Annual Business Impact (BI) value was calculated using the following formula: BI Value = Net Sales - Variable Expenses. BI Value was allocated to the ten DCs based on FY 2018 actual revenue, using a weighted average approach. Expense variability was factored into the methodology as well. Estimated impact figures reported in our response represent total exposure, which includes business impact and 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 analysis 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**

256000000

**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 to 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 2022, Grainger spent approximately \$256,000,000 in capital expenditures related to distribution networks, inventory management, and technology enhancements.

**Comment**

n/a

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C2.4

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

Yes

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C2.4a

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

**Identifier**

Opp100

**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**

Based on market assessments, Grainger has determined that our ability to provide a robust offering of sustainability solutions (products, services and resources) is critical for meeting key customer needs. Increased focus from our customers on sustainability and climate-related goals could lead to an increased demand for products and services that help customers meet their sustainable purchasing considerations. Customer Strategy, Merchandising, and Supplier Management teams work collaboratively with business units across Grainger to support our customers through our Environmentally Preferable Product (EPP) portfolio, which is a key component of a growing sales segment for Grainger and an opportunity to reduce our Scope 3 emissions. In 2022, Grainger High-Touch Solutions U.S. EPP sales reached more than \$1B. We offer our customers a broad assortment of EPP products, to help customers select products that feature environmental attributes either certified by an independent certification body or validated by the product supplier(s). A Sustainability Product Report that helps customer track, report, and grow their EPP spend is available upon request. In addition, we have vetted a network of third-party service partners who are qualified, licensed, and insured and able to provide Sustainability Related Services. Similarly, we have developed training, sales tools, and marketing support for our customer-facing team members so that they can help customers achieve meaningful progress towards their sustainability goals and initiatives. We also monitor and look to mitigate risks associated with our sustainability solutions, including our capacity to meet customer demand and the potential for heightened competition. 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. Additionally, Grainger's Emergency Management Programs help communities prepare and respond to emergencies such as extreme weather. Solutions consist of products from local branches that help communities before, during, and after an emergency, and internal and external resources to assist impacted areas. There is potential for increased demand of our Emergency Management programs as part of adaptation to climate change that includes increased weather severity that results in more emergencies.

**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)**

30000000

**Potential financial impact figure – maximum (currency)**

110000000

**Explanation of financial impact figure**

Grainger's management of products with green or sustainable certifications and attributes allows our customers to make an informed choice when selecting products. As our sustainability solutions offering, sales training, tools, and marketing support continue to expand and further develop, 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 2023 full year guidance at 11% and applied this to last year's Grainger High-Touch Solutions U.S. Environmentally Preferable Product (EPP) portfolio sales of more than \$1B because we anticipate customers will sustain this growth rate as demand for EPP increases. 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 against a lower sales growth rate that Grainger had in previous years due to the pandemic.

**Cost to realize opportunity**

280000

**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. Grainger additionally is piloting embedding EPP within the portfolio reviews to identify suppliers, products, and certifications that will help meet the EPP needs of our customers. 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 Grainger High-Touch Solutions U.S. EPP sales with 2022 totaling more than \$1B. These efforts have shown a demonstrated impact to our EPP revenue.

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. Additionally, we engage a third-party consulting firm 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. Quarterly, a third party reviews and consults on sustainable certifications and attributes for our EPP portfolio. We know this data assists customers in confidently choosing green products. The approximate costs to manage this is \$280,000 (between multiple third-party fees).

#### Comment

n/a

### C3. Business Strategy

#### C3.1

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

###### Row 1

###### Climate transition plan

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

###### Publicly available climate transition plan

<Not Applicable>

###### Mechanism by which feedback is collected from shareholders on your climate transition plan

<Not Applicable>

###### Description of feedback mechanism

<Not Applicable>

###### Frequency of feedback collection

<Not Applicable>

###### Attach any relevant documents which detail your climate transition plan (optional)

<Not Applicable>

###### Explain why your organization does not have a climate 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 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. 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 continued data quality improvement to support identification of opportunities for emissions reduction. Grainger is also actively pursuing scope 3 emissions reduction 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, qualitative and quantitative	<Not Applicable>	<Not Applicable>

(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	Customized publicly available transition scenario	Company-wide	1.5°C	<p>Analytical choices:</p> <p>Grainger has used a customized publicly available climate transition scenario IEA B2DS to quantify the emissions reduction required to align with a well-below 2.0°C and 1.5°C emissions reduction trajectory, respectively. The assessment includes all of Grainger's operations and value chain.</p> <p>Grainger utilized a Marginal Abatement Cost Curve (MACC) to compare cost and emission impacts associated with various investment options.</p> <p>According to Science Based Target initiative criteria, Grainger is required to reduce absolute GHG emissions by 30% to align to a well-below 2.0°C emission reduction trajectory, and 51% to align with a 1.5°C emission reduction trajectory for scope 1 &amp; 2. Grainger would need to reduce scope 3 by 2.5% on an annual linear basis (30% over 10 years), covering at least 67% of total scope 3 emissions.</p> <p>Grainger has qualitatively evaluated other transitions risks and business impacts associated with a well-below 2°C pathway and 1.5°C trajectory.</p> <p>Parameters / Assumptions:</p> <p>Grainger has set a near-term target of 30% reduction of scope 1 &amp; 2 from 2018 baseline by 2030. Assumes that Grainger continues to be on track to meet this target, as current performance indicates.</p> <p>Identified emerging regulatory risks encompass potential impacts on material prices, renewable energy strategy, climate disclosures, increased costs from carbon taxes / pricing, and maintaining major federal supplier status, all of which would impact Grainger's financial performance.</p> <p>Under this scenario, a robust offering of sustainability solutions is crucial for meeting customer needs, with a focus on environmentally preferable products and third-party sustainability services that support customers in meeting their own emissions reduction targets. Demand would increase significantly, and our ability to meet that demand would impact our customer relationships, reputation, revenue, and scope 3 reduction efforts.</p> <p>Grainger's ability to comply with regulatory, investor, and customer expectations in a well below 2°C and 1.5°C trajectory will have serious implications on our reputation.</p> <p>Technological advancements that support emission reduction efforts for both Scope 1 and 2, as well as Scope 3 in terms of our suppliers manufacturing practices and reducing product use phase emissions, are essential in achieving Grainger's GHG emissions reduction targets in line with the 1.5°C pathway</p>
				<p>Analytical choices:</p> <p>Grainger aligns with RCP 8.5, the scenario with the highest physical risk, to assess our physical risk exposure.</p> <p>Long-term climate shifts may lead to severe weather events, disrupting supply chains and impacting revenue.</p> <p>Grainger evaluates risks and business impacts and effects of RCP 8.5 quantitatively and qualitatively, focusing on key assets such as our distribution centers.</p> <p>Projects are implemented to analyze and mitigate risk arising from long term shifts in climate patterns, such as heat waves induced by increasing average temperatures.</p> <p>Parameters / Assumptions:</p> <p>Business Impact Analysis quantified the exposure to business interruptions and financial losses from the complete loss of a distribution center, taking our 10 major US distribution centers into account.</p> <p>Examples include severe or catastrophic events such as wildfires, floods, and hurricanes, of which the risks significantly increases in the scenario of RCP8.5.</p> <p>The estimated cost of losing a distribution center ranges from 80M to 710M, considering mitigation efforts, sales loss, rebuild costs, and inventory loss.</p> <p>Same-day shipping and next-day delivery are crucial to Grainger's business strategy, and disruptions could negatively affect operations and financial performance.</p> <p>High-risk distribution centers are identified in Patterson, CA, Mira Loma, CA, and Jacksonville, FL, based on severe weather conditions in RCP 8.5.</p> <p>Increased risks to assets imply higher risks to critical infrastructure in surrounding communities, impacting business operations.</p> <p>Rising average temperatures (3.7 degrees Celsius) strain team members and supply chains, leading to increased operational costs, including additional air conditioning requirements.</p> <p>Water scarcity, especially in already water-scarce regions like California, will worsen and likely increase operational costs.</p> <p>As a broad line distributor in the Maintenance, Repair, and Operations market, and with an offering emergency response solutions, there is potential for increased demand for products related to natural disasters, extreme weather, and emergencies.</p>

(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. What are the material risks that Grainger would face in a customized IEA B2DS climate scenario aligned with 2°C and 1.5°C (transition risks)?  
How much (%) will Grainger need to reduce Scope 1 and Scope 2 emissions in the established time horizon for each trajectory?  
Additionally, what is the annual linear percentage reduction for each trajectory?  
What are the impacts of solar installations to these reduction trajectories and the associated benefits?
2. Aligned to climate scenario RCP 8.5, what are the material risks that Grainger would face?

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

For a customized version of climate scenario IEA B2DS in which we evaluate 2°C and 1.5°C temperature alignment, the results of the analysis show that Grainger is required to reduce total absolute global scope 1 & 2 emissions by 30% to align to a well-below 2.0°C emission reduction trajectory, 51% to align with a 1.5°C emission reduction trajectory and reduce scope 3 by 2.5% on an annual linear basis (30% over 10 years), covering at least 67% of total scope 3 emissions. These targets have informed our decision to evaluate accredited Science Based Targets alignment and the business and carbon reduction strategies necessary to achieve such targets.

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. 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. For RCP 8.5, Grainger assessed the material acute and chronic physical risks that could result in a future world where temperature has risen 3.7°C, or nearly 4°C. Specifically, Grainger looked at the likelihood and severity of expected extreme weather events that would impact our assets and supply chain, and as a result, could cause business interruption, decreased revenues, increased operating costs and capital expenditures. Grainger was able to identify where it believes its most vulnerable assets and regions in its supply chain are. Additionally, Grainger found that operational costs are likely to increase as a result of higher temperatures (3.7°C increase) as a result of increased resource scarcity and operational needs such as additional air conditioning requirements for its team members.

## (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	Based on market assessments, Grainger has determined that our ability to provide a robust offering of sustainability solutions (products, services and resources) is critical for meeting key customer needs. Customer Strategy, Merchandising, and Supplier Management teams work collaboratively with business units across Grainger to support our customers through our Environmentally Preferable Product (EPP) portfolio, a key component of a growing sales segment for Grainger and an opportunity to reduce our Scope 3 emissions. We offer our customers a broad assortment of EPP products that feature environmental attributes either certified by an independent certification body or validated by the product supplier(s). In 2022, the Grainger High-Touch Solutions U.S. EPP sales totaled more than \$1 billion, which represented an increase over 2021. A Sustainability Product Report that helps customer track, report, and grow their EPP spend is available upon request. In addition, we have vetted a network of partners who are qualified, licensed, and insured with the ability to provide Sustainability Related Services. We have developed training, sales tools, and marketing support for our customer-facing team members so that they can help customers achieve meaningful progress towards their sustainability goals and initiatives. We also monitor and look to mitigate risks associated with our sustainability solutions, including our capacity to meet customer demand and the potential for heightened competition. We continue to assess opportunities to expand options for products and services that avoid or help to reduce greenhouse gas emissions, including how we can provide further quantification of total emissions impact of a product from a lifecycle perspective.
Supply chain and/or value chain	Yes	In addition to a science-aligned Scope 1 and 2 emissions reduction target, Grainger recognizes the importance of reducing Scope 3 emissions as part of our strategy to mitigate climate risks and our environmental impact. The majority of our Scope 3 impact resides in product use phase, or the energy required to operate the products Grainger sells. The ESG Leadership Council regularly reviews our overall carbon emissions reduction strategy. Grainger's overall supplier engagement strategy seeks to understand the opportunities of suppliers who are most impactful to our business. In 2022, we continued proactively communicating with key suppliers through quarterly calls and business reviews, ad hoc meetings to address operational challenges and other active feedback channels. Grainger's annual Partners in Performance event, which enhances supplier engagement through educating and informing the top-performing supplier community about Grainger's key initiatives and strategy, includes a supplier Sustainability Award. Criteria used to evaluate suppliers includes their contribution to environmentally preferable product sales in 2022, and how those products helped manage energy and/or contribute to lower greenhouse gas emissions, specifically as it relates to our category 11 Scope 3 emissions. Additionally, we evaluated each supplier's commitment to publicly sharing ESG data such as GHG emissions via annual reports or public disclosures and their overall environmental stewardship. In 2022, we made progress in our Scope 3 strategy by further assessing our data quality and identifying suppliers that account for the majority of our product-related Scope 3 emissions (category 1, 11, and 12). In 2023, we plan to continue this progress by continually refining our calculation methodology, improving our data sources, and engaging with those identified suppliers to better understand their climate-related performance and ambitions, and encourage actions that lead to reductions in our Scope 3 emissions.
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. Another areas is related to benchmarking and exploring new opportunities across our network. Over the past few years, 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 buildings 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	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 or catastrophic events such as wildfires, floods, and hurricanes related to climate change. Due to this risk, Grainger conducts Business Impact Analyses 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 Analysis occurred in 2019. This analysis is reflective of ten in-scope distribution centers in nine states across the West, Midwest, South and Northeast, but did not include our Louisville DC which had not yet been brought online. 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, Mira Loma, CA, and Jacksonville, FL, as the state of California is more prone to prolonged droughts and extensive wildfires while the Jacksonville location is exposed to hurricane / tropical storm damage that can impact Grainger's ability to do business. 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, and Hurricane Ian in Florida. However, wildfires in CA have caused air quality issues to our SFDC which forced closure for a day several years ago.

(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	<p>Capital Expenditures: Grainger has now set up a separate capital budget entirely for ESG initiatives in an effort to ensure consistent capital allocation and progress in this important space. Currently, our main investments include solar installations, building management systems (BMS), high efficiency life cycle replacements (upgrade lighting to occupancy sensor equipped LED fixtures; upgrade HVAC units with energy efficient equipment), and hydrogen fuel cell batteries for our Powered Industrial Equipment (PIE). Our decisions to invest often occur in locations where we can offset energy use, improve operational efficiency, and create a return on investment. Grainger is currently installing more solar at sites in California and Illinois. Those efforts should be completed in 2023 into 2024.</p> <p>Indirect Costs: In addition to investing in energy efficiency and renewable energy, Grainger has also taken energy consumption reduction efforts into consideration for its strategic and financial planning. For example, Grainger has implemented building management systems (BMS) to reduce energy consumption in our facilities.</p> <p>Situation / Task: Grainger recognizes the potential impact that global warming risk may have on our indirect costs related to energy use. Historically, Grainger has focused on its largest facilities, but both the potential and current effects of climate change have made it essential to expand our focus and strategy to all Grainger facilities.</p> <p>Action: Grainger has continued to expand its BMS footprint as a result. Currently, more than 40% of our North American footprint has either been built with or retrofitted with BMSs.</p> <p>Results: On average, Grainger has realized a 10–15% 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.</p> <p>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 2014, 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. Grainger's High-Touch Solutions U.S. Environmentally Preferable Products (EPP) is a growing segment of Grainger's business which represented more than \$1 billion in sales in 2022 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. Additionally, Grainger's Emergency Management Programs help communities prepare and respond to emergencies, such as extreme weather, with products from local branches to provide solutions to help communities rebuild and internal and external resources to assist impacted areas. There is potential for increased demand of our Emergency Management programs as part of adaptation to climate change that includes increased weather severity that results in more emergencies. Related to this, Grainger has started tracking the financial impact of extreme weather events on our business in terms of both costs and revenue in order to better understand risks and opportunities related to such events. Extreme weather events can generate a positive financial impact due to increased customer demand of our products for preparing and responding to these extreme weather events, and negative financial impact resulting from lost sales due to branch closures and outages in regions impacted. 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.</p>

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	No, and we do not plan to in the next two years	<Not Applicable>

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

Is this a science-based target?

No, and we do not anticipate setting one in the next two years

Target ambition

<Not Applicable>

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)**

&lt;Not Applicable&gt;

**Base year**

2018

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

37000

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

87000

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year total Scope 3 emissions covered by target (metric tons CO2e)**

&lt;Not Applicable&gt;

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

124000

**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, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1:****Purchased goods and services (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**

&lt;Not Applicable&gt;

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**



<Not Applicable>

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**

<Not Applicable>

**Base year total 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]**

86800

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

31000

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

61000

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>



**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Total 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)**

92000

**Does this target cover any land-related emissions?**

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

86.0215053763441

**Target status in reporting year**

Underway

**Please explain target coverage and identify any exclusions**

Grainger's climate target, set in 2020, is to reduce our absolute total global Scope 1 and Scope 2 greenhouse gas emissions by 30 percent by 2030, using a 2018 baseline. It uses an operational boundary for our total global company emissions. This target is science-based and follows a pathway aligned for well-below 2 degrees Celsius for Scope 1 and 2; 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 more than 86% of the reduction already achieved during 2022. 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. Our current target does not include Scope 3. 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. The ESG Leadership Council regularly reviews our overall carbon emissions reduction strategy. Grainger's overall supplier engagement strategy seeks to understand the opportunities of suppliers who are most impactful to our business. In 2022, we made progress in our Scope 3 strategy by further assessing our data quality and identifying suppliers that account for the majority of our product-related Scope 3 emissions (category 1, 11, and 12). In 2023, we plan to continue this progress by continually refining our calculation methodology, improving our data sources, and engaging with those identified suppliers to better understand their climate-related performance and ambitions, and encourage actions that lead to reductions in our Scope 3 emissions.

**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. The key initiatives that have driven reductions in Scope 1 and 2 reductions include solar panel installation and increased renewable energy use at facilities, improving technology and efficiency in our building management systems, implementing high-efficiency life cycle replacements, and transitioning from Powered Industrial Equipment (PIE) batteries to hydrogen fuel cells. We expect those same initiatives to continue to help us achieve our target.

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

<Not Applicable>

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

No other climate-related targets

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**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	100	11000
To be implemented*	50	15000
Implementation commenced*	300	5000
Implemented*	80	600
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	Heating, Ventilation and Air Conditioning (HVAC)
--------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

200

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

Scope 1  
Scope 2 (location-based)  
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

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

64000

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

2000000

Payback period

No payback

Estimated lifetime of the initiative

16-20 years

Comment

HVAC Unit Improvements

Initiative category & Initiative type

Low-carbon energy generation	Solar PV
------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

400

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)

804000

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

5000000

Payback period

1-3 years

Estimated lifetime of the initiative

21-30 years

Comment

Solar PV

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, lighting, etc.))
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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, and we provide 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	Yes, a change in boundary	No changes in boundary for scope 1 and 2. However, for scope 3, we changed our boundary for many of our categories by including previously excluded geographies and business units. For categories 1, 2, 11, and 12, we had previously only included Cromwell, Grainger U.S., Mexico, and Canada, but excluded our Endless Assortment business units (MonotaRO and Zoro). Now it accounts for total company. For category 4, we have expanded from US only to total company. Similarly in category 6, we have expanded from US and Canada to total company, and for category 7, from North America to total company.

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	No, because we do not have the data yet and plan to recalculate next year	<Not Applicable>	<p>In the regular course of business, Grainger may experience structural changes that may have a significant impact on the base year emissions. Consistent with the GHGP Corporate Standard (WRI/WBCSD 2004), significant changes that may trigger a base year recalculation include the following:</p> <ul style="list-style-type: none"><li>• Structural changes to ownership or control (e.g., mergers, acquisitions, divestitures, and outsourcing and insourcing of emitting activities)</li><li>• Changes in status of leased assets (ending leases or obtaining new leases).</li><li>• Changes in calculation methodology or improvement in the accuracy of emission factors or activity data.</li><li>• Discovery of significant errors.</li></ul> <p>A recalculation of Grainger's base year emissions and all subsequent years' emissions will be performed if any structural change, as identified above, results in significant qualitative or quantitative impact. Grainger has a quantitative threshold for significance, related to the % change in base year Scope 1 and 2 emissions. In cases of organic growth (e.g., property expansions or new construction) or organic decline (e.g., closing of properties or sales of properties while maintaining operations by re-leasing) emissions will not be adjusted in the base year.</p>	No

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)

37000

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)

91000

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)**

87000

**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)**

2000000

**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)**

350000

**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)**

25000

**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)**

142000

**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)**

2000

**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)**

27000

**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)**

42000

**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)**

23000000

**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)**

47000

**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)

The Greenhouse Gas Protocol: Scope 2 Guidance

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

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)

31000

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Figures are rounded and approximate

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
67000
Scope 2, market-based (if applicable)
61000
Start date
<Not Applicable>
End date
<Not Applicable>
Comment
Figures are rounded and approximate

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 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)
2000000
Emissions calculation methodology
Spend-based method
Percentage of emissions calculated using data obtained from suppliers or value chain partners
0
Please explain
Annual procurement of goods and services, including direct and indirect spend, (Category 1) from W.W. Grainger's general ledger (including Granger US, Grainger Canada, Granger Mexico, Cromwell, Zoro and MonotaRO) are allocated to the most applicable categories within the detailed commodity database of USEPA's Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities (USEEIO). Cradle-to-shelf GHG emissions are estimated by multiplying total spend in each detailed commodity category (converted to USD if applicable) by the emission factor specific to that category (including margins), adjusting for inflation. Figures are rounded and approximate.
Capital goods
Evaluation status
Relevant, calculated
Emissions in reporting year (metric tons CO2e)
44000
Emissions calculation methodology
Spend-based method
Percentage of emissions calculated using data obtained from suppliers or value chain partners
0
Please explain
Annual procurement of capital expenditures (Category 2) from W.W. Grainger's general ledger (including Granger US, Grainger Canada, Granger Mexico, Cromwell, Zoro and MonotaRO) are allocated to the most applicable categories within the detailed commodity database of USEPA's Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities (USEEIO). Cradle-to-shelf GHG emissions are estimated by multiplying total spend in each detailed commodity category (converted to USD if applicable) by the emission factor specific to that category (including margins), adjusting for inflation. Figures are rounded and approximate.



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

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

26000

**Emissions calculation methodology**

Average data method

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

0

**Please explain**

Total fuel and electricity usage data are multiplied by emission factors from United Kingdom's Department of Environment, Food, and Rural Affairs (DEFRA) and the International Energy Agency (IEA) to account for upstream emissions (fuel extraction, production/processing, transportation) and transmission and distribution (T&D) losses. Emissions factors for upstream emissions from purchased electricity and T&D losses are applied at the country level where available. If no country factor is available, the US is used as a proxy. Figures are rounded and approximate.

**Upstream transportation and distribution****Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

278000

**Emissions calculation methodology**

Hybrid method

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

0

**Please explain**

Emissions for a portion of inbound and outbound freight are directly provided by logistics providers UPS, DHL, and USPS. Remaining Category 4 emissions are based on logistics services procurement expenditures as recorded in [client name]'s general ledger, allocated to the most applicable categories within the detailed commodity database of USEPA's Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities (USEEIO). These included "Air Transport", "Truck Transport", "Water Transport", "Warehousing", "Postal Service" or "Couriers and Messengers". GHG emissions are estimated by multiplying total spend in each of these categories by the emission factor specific to that category, adjusting for inflation. Figures are rounded and approximate.

**Waste generated in operations****Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

10000

**Emissions calculation methodology**

Waste-type-specific method

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

70

**Please explain**

The mass and disposal method of various waste materials generated across US operations is compiled and multiplied by emission factors from Table 9 of USEPA's Emission Factors for Greenhouse Gas Inventories from the Center for Corporate Climate Leadership (CCCL) to estimate GHG emissions from waste generated in operations. No emissions are reported for recycling Waste from Electrical and Electronic Equipment (WEEE), based on documentation from EPA that indicates negative net emissions from recycling "Mixed Electronics", stating, "Negative values denote net GHG emission reductions or carbon storage from a materials management practice." (see Exhibit 1-12; [https://www.epa.gov/sites/default/files/2019-06/documents/warm\\_v15\\_electronics.pdf](https://www.epa.gov/sites/default/files/2019-06/documents/warm_v15_electronics.pdf)). Figures are rounded and approximate.

## Business travel

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

24000

### Emissions calculation methodology

Distance-based method

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

90

### Please explain

Emissions from business travel include air travel, rental car travel, hotel stays and mileage reimbursement.

Air travel data are collected through an online booking system (BCD for North America and Brazil; Egencia for other countries) and organized according to cabin class, mileage per segment (leg) and total miles travelled. The most recent version of DEFRA emission factors are then applied to estimate GHG emissions from air travel.

» United Kingdom's Department of Environment, Food, and Rural Affairs (DEFRA): "Business Travel - air"

Emissions from business travel using employee-owned vehicles is based on summing annual tracked mileage data (miles or kilometers) and multiplying by appropriate mileage-based emissions factors. The USEPA emission factor for "passenger car" is applied for car travel in Canada, US, and Puerto Rico, and the DEFRA Average Car (unknown fuel type) emission factor is applied for car travel France and UK. Emissions from use of employee-owned vehicles in India is estimated by multiplying total annual fuel expenditure by the average price of fuel in India in 2021, to yield total volume of fuel (gallons) and then applying a emission factors from The Climate Registry (assuming gasoline).

» United Kingdom's Department of Environment, Food, and Rural Affairs (DEFRA): "Business Travel - land" - Average car, unknown fuel type

» USEPA's Center for Corporate Climate Leadership (CCCL), Table 10 "Passenger Car"

» The Climate Registry: Tables 2.1 and 2.9

Figures are rounded and approximate.

## Employee commuting

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

34000

### Emissions calculation methodology

Distance-based method

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

0

### Please explain

Emissions from employee commuting were estimated for all staff across Grainger's entire operations. A commuter survey, primarily issued to Grainger U.S. employees but also extended to a few from Grainger Mexico and Grainger Canada, provided the basis for average commute distance and mode statistics. Employees indicated which commute methods they used each day, including working from home, driving alone, carpooling, taking public transportation, or biking/walking. These methods and average commute distances were applied to create a weighted emission factor based on commute mode emission factors provided by the USEPA's Center for Corporate Climate Leadership (CCCL), Table 10. "Passenger Car" and "Light-Duty Truck" were averaged together for the "driving alone" commute method, assuming that around 50% of commuters are driving light duty trucks or similar vehicle types. Once the weighted emission factor per commuting shift was determined, it was applied to all shifts for all global Grainger employees. Part-time employees were assumed to be the equivalent of 0.5 FTE.

Work from home emissions were calculated using EcoAct's Homeworking Whitepaper assumption that an average workstation electric load for lighting and desktop is 150W. This load was assumed to be active for 8 hours per day worked remote. The final kWh value was multiplied by the national average eGrid emission factor to yield work from home emissions. Figures are rounded and approximate.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

<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)

22000000

### 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

Grainger sells a wide variety of products, some with direct energy consumption during use phase, others without. Products with direct energy use were identified by reviewing the product categories, which is typically a group of 10-50 products. Given the breadth of Grainger's catalog, it would have proved too resource intensive to review each product itself, which is why the category level was chosen. Once relevant product categories were selected, product-specific warranty length and wattage information was gleaned from a Grainger database to formulate lifetime energy consumption estimates per product. The warranty length was assumed to be the average number of hours that the product was actively consuming energy. Multiplying this by the product's wattage yielded lifetime energy consumption, which was then multiplied by the number of units sold for that product. Emissions were estimated using the eGrid national average electricity emission factor, or other fuel-specific emission factors depending on whether the product consumed electricity or another fuel.

In the absence of product-level warranty and wattage information, category-level averages were applied. If the entire category did not have relevant information, the family (group of categories) averages were applied. The segment average was applied if family averages did not exist.

International business unit emissions from direct energy consumed during use phase were estimated using their sales output and the Grainger US segment, family, and category averages for warranty and wattage. These were not included in previous years and account for 5,919,507 mtCO2e. Figures are rounded and approximate.

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

258000

### Emissions calculation methodology

Waste-type-specific method

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

0

### Please explain

Emissions were calculated from four waste streams that result from the end-of-life disposal of Grainger's sold products. All products were assigned to either electronic waste or "other" municipal waste, and within both groups determinations were made as to whether the product was hazardous or non-hazardous. For the US, Canada, and Mexico, average disposal method breakdowns were attributed to each waste stream based on two EPA sources: 1) "National Overview: Facts and Figures on Materials, Wastes and Recycling" for non-hazardous, and 2) "Quantity of RCRA Hazardous Waste Generated and Managed" for hazardous. For Grainger's UK and Japan operations, international disposal rates (for recycling, combustion, and landfill) from Europa's "waste statistics" were used. It was assumed that globally, electronic waste is not combusted, only landfilled or recycled, so combustion rates from the above sources were removed and weighted allocations were made to the other two methods. Emission factors per short ton of waste were gathered from EPA's CCCL Emission Factor Hub, Table 9, as well as Ecoinvent for electronic waste recycling and hazardous waste landfilling, as these factors are not represented in the CCCL Table 9. Emission calculations were based on the weight of products sold in each waste stream, multiplied by the disposal method percentages and their associated emission factor.

One of Grainger's international business units, Cromwell, did not have weight data associated with all sales. In these instances, a Cromwell-specific average weight per unit factor was multiplied by the number of units sold to cover the gaps. Figures are rounded and approximate.

## 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

Determined not relevant given category 15's designation primarily for private financial institutions and public financial institutions, and types of financial investment / service required for accounting in this category.

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

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

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?  
Yes

C6.7a

(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.

	CO2 emissions from biogenic carbon (metric tons CO2)	Comment
Row 1	1	N/a

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

0.000006

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

92000

Metric denominator

unit total revenue

Metric denominator: Unit total

15228000000

Scope 2 figure used

Market-based

% change from previous year

21

Direction of change

Decreased

Reason(s) for change

Other emissions reduction activities  
Change in revenue

Please explain

This metric decreased by 21% 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	30000	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	60	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	60	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	1000	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

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

Country/area/region	Scope 1 emissions (metric tons CO2e)
United States of America	24000
Mexico	10
Panama	0
Canada	6000
United Kingdom of Great Britain and Northern Ireland	800
France	0
India	100
United Arab Emirates	0
Japan	10
Ireland	10
China	50
Hungary	20
Poland	10
Indonesia	60
Thailand	20
Czechia	40
South Africa	40
Hong Kong SAR, China	0
Republic of Korea	200
Malaysia	20

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	13000
Distribution Center	9000
Corporate Office	3000
Data Center	0
Warehouse	1000
Enterprise	5000

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	27000
Mobile combustion	3000
Refrigerant	1000

C7.5

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

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
United States of America	53000	48000
Canada	3000	3000
Mexico	2000	2000
Panama	100	100
United Kingdom of Great Britain and Northern Ireland	700	1000
France	0	0
India	400	400
United Arab Emirates	0	0
Japan	7000	5000
Ireland	10	20
China	200	200
Hungary	10	10
Poland	20	30
Indonesia	300	300
Thailand	20	20
Czechia	40	50
South Africa	90	90
Hong Kong SAR, China	30	30
Republic of Korea	500	500
Malaysia	30	30

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	13000	12000
Distribution Center	37000	33000
Corporate Office	14000	13000
Data Center	10	10
Warehouse	3000	3000

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?  
No

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 in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	500	Decreased	1	Our solar generation increased by approximately 1000 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 approximately 100,000 MTCO2e for location-based, therefore we arrived at 0.5% through $((500/100,000)*100) = 0.5\%$ (rounded to 1)
Other emissions reduction activities	5000	Decreased	5	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 19,000 MWh in energy usage, which resulted in an approximate reduction of 5,000 MTCO2e in 2022. In the previous year, our Scope 1 and Scope 2 emissions were ~100,000 MTCO2e for location-based, therefore we arrived at 5% through $((5,000/100,000)*100) = 5\%$ .
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output		<Not Applicable >		
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other	4000	Increased	4	The increased emissions factors increased our emissions by approximately 4,000 MTCO2E or 4%. Grainger's usage went down approximately 6% YoY. If emissions factors were flat YoY, emissions would have also decreased 6%, causing our location-based scope 1 and 2 to be approximately 94,000.

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?**  
 Location-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	160000	160000
Consumption of purchased or acquired electricity	<Not Applicable>	12000	154000	166000
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>	1000	<Not Applicable>	1000
Total energy consumption	<Not Applicable>	13000	314000	327000

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  
160000

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  
160000

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	8000	1000	8000	1000
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.

**Country/area of low-carbon energy consumption**

United States of America

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (The mix consisted of wind, solar, biomass, landfill gas, geothermal, and low-impact hydroelectric)

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

9000

**Tracking instrument used**

US-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

United States of America

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

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

<Not Applicable>

**Comment**

N/a

**Country/area of low-carbon energy consumption**

Japan

**Sourcing method**

Default delivered electricity from the grid (e.g. standard product offering by an energy supplier), supported by energy attribute certificates

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

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

3000

**Tracking instrument used**

NFC – Renewable

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Japan

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

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

<Not Applicable>

**Comment**

n/a

## C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

**Country/area**

Canada

**Consumption of purchased electricity (MWh)**

12000

**Consumption of self-generated electricity (MWh)**

0

**Is this electricity consumption excluded from your RE100 commitment?**

<Not Applicable>

**Consumption of purchased heat, steam, and cooling (MWh)**

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

12000

---

Country/area

China

Consumption of purchased electricity (MWh)

300

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

300

---

Country/area

Czechia

Consumption of purchased electricity (MWh)

90

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

90

---

Country/area

France

Consumption of purchased electricity (MWh)

10

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

10

---

Country/area

Hong Kong SAR, China

Consumption of purchased electricity (MWh)

40

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

40

---

**Country/area**

Hungary

**Consumption of purchased electricity (MWh)**

40

**Consumption of self-generated electricity (MWh)**

0

**Is this electricity consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**40

---

**Country/area**

India

**Consumption of purchased electricity (MWh)**

600

**Consumption of self-generated electricity (MWh)**

0

**Is this electricity consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**600

---

**Country/area**

Indonesia

**Consumption of purchased electricity (MWh)**

300

**Consumption of self-generated electricity (MWh)**

0

**Is this electricity consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**300

---

**Country/area**

Ireland

**Consumption of purchased electricity (MWh)**

30

**Consumption of self-generated electricity (MWh)**

0

**Is this electricity consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**30

---

**Country/area**

Japan

**Consumption of purchased electricity (MWh)**

14000

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

14000

---

Country/area

Malaysia

Consumption of purchased electricity (MWh)

40

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

40

---

Country/area

Mexico

Consumption of purchased electricity (MWh)

5000

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

5000

---

Country/area

Panama

Consumption of purchased electricity (MWh)

400

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

400

---

Country/area

Poland

Consumption of purchased electricity (MWh)

30

Consumption of self-generated electricity (MWh)

0



Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

30

---

Country/area

Republic of Korea

Consumption of purchased electricity (MWh)

1000

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

1000

---

Country/area

South Africa

Consumption of purchased electricity (MWh)

90

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

90

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Country/area

Thailand

Consumption of purchased electricity (MWh)

40

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

40

---

Country/area

United Arab Emirates

Consumption of purchased electricity (MWh)

0

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

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

0

Consumption of self-generated heat, steam, and cooling (MWh)  
0

Total non-fuel energy consumption (MWh) [Auto-calculated]  
0

---

Country/area  
United Kingdom of Great Britain and Northern Ireland

Consumption of purchased electricity (MWh)  
4000

Consumption of self-generated electricity (MWh)  
0

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

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

Consumption of self-generated heat, steam, and cooling (MWh)  
0

Total non-fuel energy consumption (MWh) [Auto-calculated]  
4000

---

Country/area  
United States of America

Consumption of purchased electricity (MWh)  
129000

Consumption of self-generated electricity (MWh)  
1000

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

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

Consumption of self-generated heat, steam, and cooling (MWh)  
0

Total non-fuel energy consumption (MWh) [Auto-calculated]  
130000

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C9. Additional metrics

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C9.1

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

<b>Description</b> Waste
<b>Metric value</b> 72000000
<b>Metric numerator</b> Pounds of waste recycled
<b>Metric denominator (intensity metric only)</b> N/a - not an intensity metric
<b>% change from previous year</b>
<b>Direction of change</b> <Not Applicable>
<b>Please explain</b> N/a

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<b>Description</b> Waste
<b>Metric value</b> 24000000
<b>Metric numerator</b> Pounds of non-hazardous waste landfilled
<b>Metric denominator (intensity metric only)</b> N/a - not an intensity metric
<b>% change from previous year</b> 4
<b>Direction of change</b> Decreased
<b>Please explain</b> n/a

---

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.

<b>Verification or assurance cycle in place</b> Annual process
<b>Status in the current reporting year</b> Complete
<b>Type of verification or assurance</b> Limited assurance
<b>Attach the statement</b> Grainger - CDP Verification Statement Limited_2023_7.24.23.pdf
<b>Page/ section reference</b> 1-3
<b>Relevant standard</b> ISO14064-3
<b>Proportion of reported emissions verified (%)</b> 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\_2023\_7.24.23.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\_2023\_7.24.23.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: Capital goods  
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\_2023\_7.24.23.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	Waste data	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_2023_Final.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 canceled any project-based carbon credits within the reporting year?

No

### C11.3

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

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

## C12. Engagement

## C12.1

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

Yes, our suppliers

Yes, our customers/clients

## C12.1a

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### (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

20

#### % total procurement spend (direct and indirect)

50

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

20

#### Rationale for the coverage of your engagement

At Grainger, we engage with suppliers through a program titled Partners in Performance, in which we partner with and recognize our top performing suppliers. This program allows us to evaluate, select, and recognize our strongest partnerships, as well as inform and educate the supplier community about Grainger's Key initiatives and strategies. For the fourth year in a row, our Partners in Performance program included a supplier Sustainability Award. Grainger has more than 5,000 product suppliers globally (with over 100K spend in 2022). Through the selection process for the Sustainability Award, we engaged and evaluated approximately 20% of our U.S. product suppliers, representing approximately 50% of U.S. spend to better understand their impact on climate, both in their own business operations and in their partnership with us. The suppliers included in this engagement supply products to us that represent approximately 20% of our 'Use of Products Sold' scope 3 emissions, which is the category that represents the majority of our scope 3 emissions. Although this figure does not follow CDP's provided definition of supplier-related Scope 3 emissions, it is how we are focusing our scope 3 emissions engagement and reduction efforts, as we believe engaging with suppliers on providing more environmentally-friendly or low-carbon products to us, and thereby our customers, will have the most significant impact on our scope 3 emissions and largest scope 3 category. We take a qualitative and quantitative approach in our evaluation. Criteria used to evaluate suppliers includes their contribution to environmentally preferable product sales in 2022, and how those products helped manage energy and/or contribute to lower greenhouse gas emissions, specifically as it relates to our category 11 Scope 3 emissions. Additionally, we evaluated each supplier's commitment to publicly sharing ESG data such as GHG emissions via annual reports or public disclosures and their overall environmental stewardship.

#### Impact of engagement, including measures of success

Not only does the annual supplier Sustainability Award recognize our keynote partner on sustainability efforts, it sets the foundation for education and awareness with our suppliers. It has led to meaningful discussions around suppliers' current performance within the EPP portfolio, new and planned innovations to bring energy efficient products to the market, and energy management during product manufacturing. We measure success and the impact of engagement through quantitative and qualitative criteria. Quantitatively, measures of success would include annual growth in revenue from environmentally preferable products sourced from these suppliers above our overall sales growth, annual reductions in our scope 3 category 11 emissions from their products that we sell. Qualitatively, we look for improvements in their public commitments and ESG reporting.

Situation & Task: Each year, Grainger recognizes a supplier through our Partners in Performance Sustainability Award. We select a supplier that has a significant impact in helping both our own operations and our customers achieve sustainability goals.

Action: In 2022, we engaged with suppliers through our Partners in Performance program and the Sustainability Award. These engagements aimed to deepen our understanding of how Grainger's customers can use suppliers' products and / or services to manage energy, lower or mitigate greenhouse gas emissions, and achieve their sustainability goals. As part of the engagement, we identified a supplier, a well-known brand that specializes in home organization and storage solutions, that was a particularly strong partner for Grainger in sustainability efforts.

Result: The identified supplier demonstrated a focus on limiting waste, ensuring compliance, and promoting green, efficient products. As such, we awarded the supplier our Partners in Performance Sustainability Award for 2022. The awarded supplier continues to partner with Grainger to help customers achieve waste and recycling goals through services such as waste audits. Additionally, the supplier continues partners with Grainger to help customers choose environmentally-focused products through education of product options through initiatives such as seller trainings.

#### Comment

n/a

#### Type of engagement

Information collection (understanding supplier behavior)

#### Details of engagement

Collect GHG emissions data at least annually from suppliers

Collect targets information at least annually from suppliers

Other, please specify (Collect climate- and sustainability-related information from our suppliers such as their programs, initiatives, and products. )

#### % of suppliers by number

#### % total procurement spend (direct and indirect)

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

#### Rationale for the coverage of your engagement

In 2022, Grainger wanted to progress on our scope 3 efforts by engaging with and learning more about our top-emitting suppliers. We identified and started engaging with our top-emitting suppliers in 2022, and plan to expand the coverage of our engagement in the future. The purpose of the engagement was to better understand these

suppliers' product data, emissions data, and climate-related targets and strategies. To do this, we held conversations, shared information and data, and reviewed methodologies to improve understanding and work towards alignment.

**Impact of engagement, including measures of success**

These engagements are measured as successful when Grainger can form a strong partnership that helps us report our emissions accurately and helps our customers meet their sustainability goals. To that end, quantitative measures of success include planned or achieved reductions in GHG emissions from improved manufacturing processes and / or the use phase of our suppliers' products.

- Situation & Task: To best understand our Scope 3 emissions, Grainger started holding conversations with our top contributing suppliers with the aim to build a deeper knowledge base, improve our own Scope 3 reporting, and work together to identify opportunities to reduce emissions.
- Action: More specifically, during one of our supplier conversations, we spoke with a company that has been reporting their own emissions for several years and has set emissions reduction goals.
- Result: As a result of these conversations, Grainger and this supplier were able to identify carbon calculation improvements to help better report emissions for both companies, be more transparent in the calculations, and more accurately identify areas of emissions reduction opportunities.

**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)
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% of customers by number  
100

% of customer - related Scope 3 emissions as reported in C6.5  
90

**Please explain the rationale for selecting this group of customers and scope of engagement**

The Customer Strategy, Merchandising, and Supplier Management teams at Grainger collaborate with various business units to support customers and their sustainability goals through our EPP portfolio. We engage with 100% of our customers in offering our EPP portfolio through our catalog and website (Grainger.com). This engagement also involves assessing customer feedback and market trends to determine the products to carry and how to present them on our website/catalogue. Our merchants incorporate this feedback to ensure we offer suitable sustainable product options. We work with suppliers to gather relevant product information including Environmental Product Declarations, review environmental attributes and third-party certifications, and present them in a way that helps customers choose products aligned with their sustainability goals. We have improved our data-driven EPP analytics to meet the demands of customers who are taking science-based climate action and seek energy-efficient products with low-carbon certifications. Examples of certified low-carbon designations in products that we offer include Carbonfree®, EnergyStar® and DLC® Approved. Our data-driven EPP analytics assist customers in monitoring, reporting, and increasing their sustainable spending. We also provide training, sales tools, and marketing support to our customer-facing team members, empowering them to help customers make progress towards their sustainability goals. The emissions associated with the product use phase are included in the % Scope 3 Emissions attributable to this group.

**Impact of engagement, including measures of success**

We routinely review our EPP portfolio for opportunities to provide tailored solutions to customers with sustainability and EPP procurement goals. 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. Quantitatively, Grainger's measure of success for the EPP portfolio is when EPP sales increase compared to the prior year, and when the growth rate is higher than overall sales growth rate.

Situation & Task: Grainger offers a wide array of customer sustainability solutions that help customers meet their sustainability goals, including low-carbon products and services. In 2022, a Grainger customer raised a concern about their high cost of energy use to their Grainger account manager. This account manager was educated on our customer sustainability solutions offerings and got to work to help the customer address their concern.

Action: The account manager, being aware of the various sustainability solutions and EPPs that Grainger offers, met with the company's energy manager and facilities leadership to solve the problem quickly. The account manager brought in one of our suppliers who is a market leader in manufacturing and installing reusable thermal blankets to conduct an in-depth assessment of the customer's steam systems and propose energy-saving solutions.

Result: Using the result of this assessment, the supplier and customer worked together to identify environmentally friendly products and services from Grainger that resulted in long-term energy savings and a safer environment for the workers. The customer also implemented the same changes at their other locations to realize even higher energy savings.

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.

<b>Climate-related requirement</b>
Complying with regulatory requirements
<b>Description of this climate related requirement</b>
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.
<b>% suppliers by procurement spend that have to comply with this climate-related requirement</b>
100
<b>% suppliers by procurement spend in compliance with this climate-related requirement</b>
100
<b>Mechanisms for monitoring compliance with this climate-related requirement</b>
Off-site third-party verification Supplier scorecard or rating
<b>Response to supplier non-compliance with this climate-related requirement</b>
Retain and engage

C12.3

<b>(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?</b>
<b>Row 1</b>
<b>External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate</b>
Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate
<b>Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?</b>
No, and we do not plan to have one in the next two years
<b>Attach commitment or position statement(s)</b>
<Not Applicable>
<b>Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan</b>
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. In accordance with this policy, we do not maintain a political action committee (PAC). Given a particular issue, it is prudent for the Company to understand the legislative and regulatory environments at both the federal and state levels. We have, from time-to-time, engaged advisors to assist us, mainly as it relates to the government contracting process. In 2022, Grainger was also a member of three trade associations. As such, Grainger may engage indirectly in activities that could influence policy, law, or regulation that impacts the climate through membership in trade associations or our limited lobbying assistance. Grainger supports trade associations such as the United States Chamber of Commerce and the National Association of Wholesaler-Distributors. While the trade associations we participate in also have PACs, corporations cannot contribute to them. We do not believe that any of Grainger’s executives have personally contributed to any of these PACs. As noted above, the Company did not make any contributions to any trade association’s political efforts through their separate IRC 527 organizations.
<b>Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate</b>
<Not Applicable>
<b>Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate</b>
<Not Applicable>

C12.3b



(C12.3b) Provide details of the trade associations your organization is a member of, or 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 policy consistent with theirs?**

Unknown

**Has your organization attempted to influence their position in the reporting year?**

No, we did not attempt to influence their position

**Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position**

<Not Applicable>

**Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)**

30000

**Describe the aim of your organization's funding**

Contributions are related to membership dues and directed to receiving updates regarding specific policy or legislative initiatives and discussing strategic approaches. While the trade associations we participate in also have PACs, corporations cannot contribute to them. We do not believe that any of Grainger's executives have personally contributed to any of these PACs. As noted above, the Company did not make any contributions to any trade association's political efforts through their separate IRC 527 organizations.

**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

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**Trade association**

US Chamber of Commerce

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

Unknown

**Has your organization attempted to influence their position in the reporting year?**

No, we did not attempt to influence their position

**Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position**

<Not Applicable>

**Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)**

50000

**Describe the aim of your organization's funding**

Contributions are related to membership dues and directed to receiving updates regarding specific policy or legislative initiatives and discussing strategic approaches. While the trade associations we participate in also have PACs, corporations cannot contribute to them. We do not believe that any of Grainger's executives have personally contributed to any of these PACs. As noted above, the Company did not make any contributions to any trade association's political efforts through their separate IRC 527 organizations.

**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

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**Trade association**

Other, please specify (Health Industry Distributors Alliance)

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

Unknown

**Has your organization attempted to influence their position in the reporting year?**

No, we did not attempt to influence their position

**Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position**

<Not Applicable>

**Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)**

27000

**Describe the aim of your organization's funding**

Contributions are related to membership dues and directed to receiving updates regarding specific policy or legislative initiatives and discussing strategic approaches. Please note the membership dues were paid in FY 2022, but are applicable to membership October 2022 through December 2023. While the trade associations we participate in also have PACs, corporations cannot contribute to them. We do not believe that any of Grainger's executives have personally contributed to any of these PACs. As noted above, the Company did not make any contributions to any trade association's political efforts through their separate IRC 527 organizations.

**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

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## 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**

grainger-2023-proxy-statement.pdf

**Page/Section reference**

Governance: pg. 1, pgs. 34-37

Strategy: pg. 1, pgs. 34-37

R&O: pgs. 33-34

Emissions Targets: pg.35

**Content elements**

Governance

Strategy

Risks & opportunities

Emission targets

**Comment**

Grainger 2023 Proxy

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**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

Grainger 2022 10K.pdf

**Page/Section reference**

Governance & Strategy: Cover Letter and CEO letter

R&O: pgs. 13-22

Emissions Targets: initial cover pages (v)

**Content elements**

Governance

Strategy

Risks & opportunities

Emission targets

**Comment**

2022 Annual Report and 10K

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**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

Grainger 2023 ESG Report.pdf

**Page/Section reference**

Governance: pg. 7, pgs. 43-48

Strategy: pgs. 1, 8

Emissions Figures: pgs. 20, 51

Emissions targets: pg. 20

other metrics: pg. 51

**Content elements**

Governance

Strategy

Emissions figures

Emission targets

Other metrics

**Comment**

2023 ESG Report

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C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Task Force on Climate-related Financial Disclosures (TCFD) Other, please specify (Sustainability Accounting Standards Board (SASB); USGBC LEED certifications and TRUE Zero Waste Certifications)	Grainger aligns disclosures to the Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). Additionally, 28% of our buildings are LEED certified. 3 of our Distribution Centers are TRUE Zero Waste Certified.

## 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, both board-level oversight and executive management-level responsibility	<p>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 may impact biodiversity include water stewardship, hazardous materials management, and recycling &amp; waste have been identified. These issues are monitored by Grainger's ESG Leadership Council. Grainger's ESG Leadership Council is comprised of the Chief Executive Officer (CEO), as well as the Senior Vice President and Chief Financial Officer (CFO), Senior Vice President and President of Grainger Business Unit, Senior Vice President and President of Global Supply Chain and Customer Experience, Senior Vice President and Chief Human Resources Officer (CHRO), Senior Vice President and Chief Legal Officer, Vice President and Chief Technology Officer, Vice President and Chief Product Officer, Vice President of Merchandising and Supplier Management, Vice President of Network Strategy and Transportation, and Sr. Director of Diversity &amp; Corporate Responsibility.</p> <p>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.</p>	<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 impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

No and we don't plan to within the next two years

Value chain stage(s) covered

<Not Applicable>

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

<Not Applicable>

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No and we don't plan to within the next two years

Value chain stage(s) covered

<Not Applicable>

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

<Not Applicable>

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

Not assessed

C15.5

(C15.5) 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>

C15.6

(C15.6) 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

C15.7

(C15.7) 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
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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.

Caution should be taken not to place undue reliance on the company's forward-looking statements. Historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. The information included in, and any issues identified as material for purposes of, this submission shall not be considered material for SEC reporting purposes. As such, in the context of our CDP responses, the term "material" is distinct from, and should not be confused with, such term as defined for SEC reporting purposes.

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 Chief Executive Officer (CEO)	Chief Executive Officer (CEO)