



# Focusing on what matters— We Keep The World Working®

2024 Environmental, Social  
and Governance Report



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## Chairman and CEO message

At Grainger, doing the right thing is critical to our ability to be good stewards for our people, our customers, our shareholders, and the environment.

Whether supporting fulfilling careers and strengthening our inclusive culture for our team members, helping our customers achieve their sustainability goals or partnering in our communities to build a better future, we take our responsibility seriously to make the things that matter better.

As environmental, social and governance (ESG) issues and sentiments evolve, Grainger remains steadfast, ensuring that operating sustainably influences decisions throughout the company. We will continue to focus on things that matter to our customers, team members and stakeholders.

Last year, our Board of Directors approved an updated 2030 emissions target that seeks to reduce Grainger’s global absolute Scope 1 & Scope 2 emissions by 50% from a 2018 baseline, up from the previous 30% target. This new goal aligns Scope 1 & Scope 2 emissions reductions with the level required to limit global temperature rise to 1.5 degrees Celsius.

This report details some of the ways that we will deliver for our stakeholders over the long term as well as provides insights on our five current ESG program focus areas where we believe we can have the greatest impact:

- Customer Sustainability Solutions
- Diversity Solutions
- Energy and Emissions
- Diversity, Equity and Inclusion
- Workplace Safety

Our final priority, Workplace Safety, was added this year, reflecting our commitment to provide a safe environment for all team members and support our customers with safety.

You will see in the following pages how our culture—one that has received numerous recognitions in 2023, including being named one of the Fortune 100 Best Companies to Work For®—is guided by these focus areas to better Grainger and the world at large. We believe in creating an environment where all team members can thrive. Grainger has been recognized for this environment in numerous ways, including as a Best Workplace for Women, a *Military Times*’ Best for Veterans, inclusion in the Fair360 (DiversityInc), and a top ranking in the American Opportunity Index for our ability to offer fulfilling careers to team members at all levels of the company.

I’m proud of all the Grainger team has achieved over the last year and look forward to all we’ll accomplish as we remain steadfast in fulfilling our purpose—We Keep The World Working®



D.G. MACPHERSON  
CHAIRMAN OF THE BOARD AND  
CHIEF EXECUTIVE OFFICER

## The Grainger Edge

### Our Purpose

**We Keep The World Working®** 

### Our Aspiration

We relentlessly expand our leadership position by being the **go-to partner** for people who build and run safe, sustainable and productive operations.

### Our Principles

The following principles are **at the heart of how we work** – with one another, our customers, suppliers and communities.



Start with the **customer**



Act with **intent**



Win as **one team**



Embrace **curiosity**



Compete with **urgency**



Invest in our **success**



Do the **right thing**

# 2023 Highlights

## The Grainger Team: Life at Grainger



11

Average training hours per team member in North America



69%

Workforce receiving career or skill-based training in North America



100%

Global team members completed Business Conduct Guidelines training



16,000

U.S. team member volunteer hours

## ESG Program Focus Areas

### Customer Sustainability Solutions

\$2B

High-Touch Solutions U.S. Sustainability Solutions revenue

### Diversity Solutions

\$2B

High-Touch Solutions U.S. spend with all small businesses, including diverse-owned businesses<sup>1</sup>

### Energy and Emissions

31%

Reduction of Scope 1 & Scope 2 emissions since 2018

61%

Progress towards achieving our new 50% Scope 1 & Scope 2 emissions reduction target for 2030, based on 2023 results

### Diversity, Equity and Inclusion

42%

Women team members globally

33%

Women on global executive leadership team

37%

Racially and ethnically diverse U.S. team members

27%

Racially and ethnically diverse members on U.S. executive leadership team

### U.S. Workplace Safety

0.4

Lost Time Injury Rate

1.3

Total Recordable Incident Rate

1. Federal government's fiscal year ended September 30, 2023. All other data included on the page based on fiscal year ended December 31, 2023.

## Our Approach



“Embracing Grainger’s purpose, We Keep The World Working, I’m energized by partnering with talented teams across the business to find solutions and create lasting, positive impact for our customers, team members, communities and future generations.”

— MIKAELA SAUGSTAD, SR. MANAGER, ESG

At Grainger, we build our  
ESG goals into our business.

At Grainger, we build our ESG goals into our business. Grainger’s Board of Directors, executive leadership team and senior leaders take an active role in our overall ESG strategy, from oversight and strategic direction to implementation. Our more than 26,000 team members are responsible for executing our priorities and following the behaviors outlined in our Grainger Edge principles.

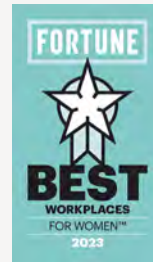
In 2024, we refreshed our materiality assessment, available on page 32. The results validated our continued focus and understanding of the ESG topics most critical to our business and stakeholders. Because of this, our ESG program focus areas continue to be Customer Sustainability Solutions, Diversity Solutions, Energy and Emissions, and Diversity, Equity and Inclusion (DEI). We’ve also opted to add Workplace Safety as a focus area to reflect our ongoing commitment to provide a thriving and safe environment for all team members.

Through our ESG governance structure, the Grainger Board of Director’s Board Affairs and Nominating Committee (BANC) and the ESG Leadership Council (composed of our Grainger Leadership Team) receive regular updates on the progress of all material ESG topics and provide strategic direction to our ESG Working Groups. As a testament to Grainger’s commitment, the U.S.-based Grainger Leadership Team’s annual incentive program includes an ESG modifier capable of increasing or decreasing payouts determined by financial performance up to +/- 10 percentage points based on two quantitative metrics: total absolute Scope 1 & Scope 2 emissions and diverse leadership representation.

## Best Workplaces



## Most Inclusive Workplaces



## ESG Leadership

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA  
2023: seventh consecutive year



A- rating

2024 Sustainability  
ESG Industry  
Top-Rated Company

2024 Newsweek:  
America's Most  
Responsible Companies



As of 2023, Grainger received an MSCI ESG Rating of AAA

## Industry Leadership



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# The Grainger Team: Life at Grainger

At Grainger, we benefit from nearly a century of experience as an MRO industry leader, a trusted employer and a community partner. We know we have a unique responsibility to use that expertise to do good by achieving our purpose – We Keep The World Working.® Grainger team members understand what matters to our customers, fellow team members, partners and communities and how to meet the needs of today with a relentless focus on long-term sustainability. We understand the value of a stable workforce and invest in our team so that ours is an inclusive and fulfilling place to work, including a commitment to DEI, as detailed on page 24.

Interested in joining the team? Here's what you can expect:

### Recruitment and Hiring

We are intentional about having an inclusive workforce that represents the diverse customers and communities we serve today and in the future. What does this look like? It's leadership and diversity training to ensure our job postings and hiring processes are inclusive, including for those with varying accessibility needs and people who identify as neurodiverse. From providing additional time for interviews and tools in support of candidates with hearing and vision impairments to accommodating service animals, our dedicated accessibility team is focused on ensuring we have a welcoming workplace from the start.

Our inclusive behaviors also show up in our recruitment professionals, who work to create diverse pipelines of qualified candidates and mitigate bias throughout our hiring process.

Once hired, team members can expect to engage in a comprehensive, function-specific onboarding process that introduces them to our purpose and principles, as well as the opportunities available to make an impact, develop key skills and grow their careers.

We have active relationships with vetted organizations to widen our diverse talent pools, including Ascend, DisabilityIN, Out & Equal, National Sales Network, National Black MBA Association, HACE, Recruit Military and Hire Heroes USA, as well as Historically Black Colleges and Universities (HBCU) and Hispanic-serving institutions across the U.S.



In 2023, the American Opportunity Index recognized Grainger for having a welcoming workplace that fosters learning, development and career success for everyone, including those without college degrees. Grainger ranked third among the *Fortune* 400.



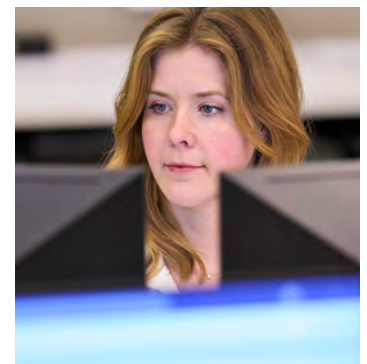
“One of Grainger’s principles is ‘Invest in Our Success,’ where we proclaim, ‘We Consistently Learn and Grow.’ In support of this principle, Grainger provides operational training, leadership development, business acumen training and career development resources for every level of the organization.”

— DON STANLEY, DIRECTOR, LEARNING & LEADERSHIP DEVELOPMENT

**Team Member Development**

To support a stable workforce with deep functional, product and customer knowledge, we invest in a robust learning and development culture so our team members can have a fulfilling career at our company. We offer opportunities to help everyone be their best while creating the industry’s next generation of leaders. From job-specific skills and end-to-end leadership training to an educational assistance program for team members looking to achieve a certificate or degree, we’re here to help each member of team Grainger achieve their development goals.

Leaders hold twice-yearly performance reviews that include feedback from multiple stakeholders and also provide the opportunity for upward feedback. In addition, our leaders have regular discussions regarding their team members’ individual development plans. Those conversations level up to department-wide discussions to identify both departmental and cross-functional opportunities. Company executives form committees to support additional growth opportunities for team members who are interested in senior leadership roles and demonstrate enterprise leadership abilities.



In 2023, our North American team members completed a total of more than 361,000 training hours, with an average of 11 hours per team member. Sixty-nine percent of our North American workforce has received career or skill-based training. For more details on Grainger’s training, see page 47.



“Grainger is unique in that we truly value team member feedback and make updates to our benefits as a result. I’m proud to work for a company that listens to team members and takes action to ensure that we meet them where they are.”

— EDDIE J. FRENCH III, MANAGER, HEALTH & WELFARE BENEFITS

**Total Rewards – Pay and Benefits**

Grainger has a pay-for-performance culture where both individual contributions as well as company performance are rewarded. In addition to our commitment to fair and equitable pay practices and complying with relevant country- and state-level mandatory analyses and disclosures, we also continue to engage a third-party expert for a pay equity analysis of U.S. team member compensation.

We regularly seek team member feedback and conduct external compensation and benefits-related benchmarking to remain competitive in each of the markets where we operate.

Our benefits are focused on offering flexibility, choice and the opportunity for team members to actively participate in programs that matter most to them and their families. Team member feedback has helped make our benefits more relevant, such as the recent expansion of our Family and Medical Leave (FMLA) policy to accommodate caring for domestic partners, grandparents and grandchildren, as well as benefits related to gender identity, including transition resources. We also offer flexible work arrangements including remote and part-time work to accommodate individual situations.

In addition, team members have access to a wide range of health plan resources, including disease management, tobacco cessation, parental support, stress management, 24-hour virtual health services and many other channels to receive timely health-related advice. All team members receive paid holidays and time off, income protection benefits, as well as a variety of other benefits designed to meet the evolving needs of team members and their families.



Our benefits are focused on offering flexibility, choice and the opportunity for team members to actively participate in programs that matter most to them and their families.



“An ethical culture is the cornerstone of sustainable business practices. Doing the right thing not only helps to safeguard Grainger’s reputation but also serves as the foundation for impactful change. Upholding our principles is how we are successful, both in business and in making meaningful contributions to society.”

— AMY ALBANO, VICE PRESIDENT ETHICS & COMPLIANCE

**Unwavering Ethics**

Since opening our doors in 1927, integrity and ethics have charted our course. It’s in the brick and mortar of our facilities and the minds and hearts of our team members. We know that how we get things done is just as important as what we do, which is why we continue to strengthen our culture of compliance and ethical standards through a robust, people-focused framework of policies, training and reporting.

For example, we’ve codified our ethics and compliance expectations in our principles and our Business Conduct Guidelines, which define our shared expectations of how we work together, serve customers and business partners, and honor our commitments to shareholders everywhere we do business. All team members, as well as the

Board of Directors, are required annually to certify their compliance with the Business Conduct Guidelines. In 2023, 100% of Grainger team members completed our Business Conduct Guidelines certification. We also have mandatory anti-discrimination and anti-harassment training for all team members.

Additional training required for select groups of team members includes Anti-Bribery and Corruption, Data Privacy and Security, and Trade Compliance. We also provide certification opportunities to team members based on their role in the organization through our online learning management system. Completion rates for required courses are monitored by the executive leadership team and reported to the Board of Directors.



**Grainger launched its Business Conduct Guidelines more than 40 years ago. Pictured here is the first edition and our most recent update available at [Graingercodeofconduct.com](http://Graingercodeofconduct.com)**



“Doing the right thing is part of our every day. Company policies further outline and support what that looks like for our team members by providing guidelines, rules and expectations—holding each person accountable.”

— BRITTANY HOERDEMAN, SR. MANAGER, CORPORATE COMPLIANCE

As a Grainger team member, you can be assured that we expect high standards from those we do business with. Our suppliers are provided with our ethical standards and we regularly update our practices to include supplier screenings, assessments and audits of their workplaces, processes and policies. In 2023, our Supplier Code of Ethics was updated to reflect current expectations and was shared with all suppliers.

**Speaking Up and Being Heard**

Core to our principles is understanding different points of view, welcoming debate and valuing feedback. That’s why we facilitate and encourage open dialogue in different ways, including team and department roundtables, daily stand-up

meetings, regular calls with team members and executive leaders, our iCareLine for confidential and anonymous reporting, and an annual company-wide engagement survey followed by a check-in survey six months later to measure how effectively we are acting on feedback. Our leaders are provided with resources to openly discuss engagement results with their teams and create action plans to enhance the team member experience.

Grainger also conducts candidate and exit surveys to understand perspectives at the beginning and the end of the employment experience and monitors external job boards/channels to capture additional feedback when available.

**Speaking Up and Being Heard—Reporting Concerns**

Team members are encouraged to report ethical concerns or complaints regarding company or individual practices through one of our many channels: our confidential and anonymous resource, the Grainger iCareLine, Grainger leadership, Human Resources, Legal, Ethics and Compliance, or the Board of Directors. The Grainger iCareLine is an independent, secure, around-the-clock hotline able to take calls in every language where Grainger operates. Team members can also register a concern online or through a mobile device. Concerns are treated confidentially and thoroughly investigated and Priority Risk Concerns are reported to leadership and the Audit Committee of the Board of Directors by the Vice President, Ethics & Compliance on a quarterly basis. Grainger does not tolerate any form of retaliation against any team member for making an inquiry, initiating a complaint, or participating or cooperating in an investigation.



“The thing that inspires me most about safety at Grainger is its universal commonality. Working safely at Grainger is a shared value that is visibly demonstrated each and every day throughout all levels of the organization. Though safety performance is often quantified through metrics, the more impactful return on investment is the culture that we have built. It’s oftentimes difficult to put into words, but it’s the feeling I get when I first walk through the doors in the morning. I know it’s going to be a good day. This is what drives me.”

— ED VODOIVEC, AREA EHS MANAGER

**Working Securely**

At Grainger, we want our team members and customers to feel safe. This is why we consistently monitor the current environment, anticipate potential threats and ensure we have controls in place to secure both our physical and virtual worlds. The teams responsible for these programs report regularly to Grainger’s Board of Directors.

Our Global Security & Loss Prevention team conducts regular assessments of physical threats to our facilities, employing a variety of proven measures to keep our team members safe as well as educating the team on workplace violence concerns or incidents, civil unrest and other potential threats. Facility managers are supplied with training and support for their specific facilities. Read more about one of our five ESG program focus areas, Workplace Safety, on page 27.

The Grainger Information Security team is focused on protecting Grainger information and technology assets worldwide in alignment with the company’s ongoing risk posture and the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Team members are regularly trained on protecting Grainger from evolving digital risks, including focused education for developers and responding to simulated phishing campaigns which test team members’ ability to recognize and respond to real-world threats. Senior leaders are provided visibility to team members who frequently require additional security training. If failures continue after supplemental training and support, work reassignment or separation may occur.

Grainger follows globally recognized privacy standards with privacy and data protection principles built into our systems and processes by design. The Personally Identifiable Information (PII) we collect during normal business activities to help us fulfill customer orders, provide team member benefits and better serve our stakeholders is something we’re committed to protecting from unauthorized access, usage or disclosure. Annual privacy training is mandatory for all team members, and those responsible for processing sensitive personal information receive supplemental role-based training. We regularly assess our practices around record maintenance and actively work to minimize retention of both physical and digital records where possible.

Notice regarding our data collection, usage, sharing and storage practices is published via our Privacy Policy. We conduct routine internal audits around privacy policy compliance. To address global and local privacy laws in specific jurisdictions, we have solutions in place to facilitate individual privacy requests and provide further transparency about how Grainger may collect, use, share or store PII. Our ethical expectation and legal commitment from third parties (business partners, consultants and agents) acting on Grainger’s behalf extends to Privacy and Information Security.

**Our commitment to international human rights standards and principles is reflected in all aspects of our business and our practices are monitored and approved regularly by Grainger’s senior leadership. Our 2024 updated human rights policy reflects a significant cross-functional effort to refresh and further solidify our belief in a respectful, inclusive and ethically sound workplace is built on this foundation. We strictly prohibit any form of harassment, exclusion, discrimination, child or forced labor, and violation of any applicable laws or regulations are explicitly prohibited.**

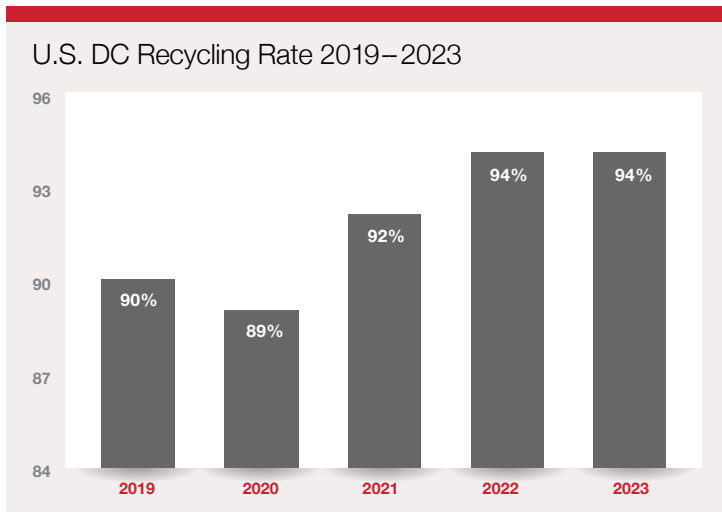


**Operating Sustainably**

All team members are expected to be good stewards of the environment to help Grainger eliminate waste, reduce our carbon footprint and increase efficiencies. This expectation is codified in our Business Conduct Guidelines, which all team members must certify as a condition of employment. From active recycling programs in all of our facilities to an extensive solar panel strategy for our buildings,

all projects at Grainger are evaluated through a sustainability lens to ensure we’re meeting our long-term sustainability goals.

Our three silver level TRUE Zero Waste Certifications at our Dallas-Fort Worth Distribution Center, Illinois Distribution Center and Northeast Distribution Center speak to the way we’re focused on implementing innovative solutions to help us reduce or eliminate waste and close material loops. Energy and Emissions remains one of our five priorities where we scale our resources to have the greatest impact<sup>2</sup> (refer to page 22 of this report for more information). Below are some of the sustainability efforts our team members are involved in daily:



**Recycling**

- All facilities have a recycling program. Our distribution centers separate waste in five ways to recycle: cardboard, plastic, garbage, metal and wood. We also partner with a third party to track our waste and recycling data and to find opportunities to improve our diversion rates.
- Recycling metrics are included in facility managers’ annual performance goals.

2. Prerequisites for the TRUE certification include a recycling rate of at least 90% and a contamination rate of less than 10%. Grainger has additional distribution centers that have met this threshold, and we continue to evaluate further opportunities to reduce waste.

**Packaging**

- Grainger’s Supplier Packaging Guidelines promote sustainability from our suppliers and detail best practices to help our products reach customers safely while minimizing waste and maximizing the use of recyclable materials. We leverage technology to ensure our products are shipped using only the necessary amount of packaging to ensure safe transport. This results in the overall reduction of vehicles needed for transport, freight costs, emissions, and product damage, in addition to minimized unnecessary void fill. To drive improvements in packaging and corrugate use, we measure our carton-to-order ratio by tracking the number of boxes we ship compared to the number of orders we receive. Whenever possible, we ship leveraging primary packaging. Our boxes and dunnage are certified by the Sustainable Forestry Initiative.

**Hazardous waste**

- As a distributor, we do not generate hazardous waste as a function of a process or byproduct, but we may generate incidental hazardous waste from our suppliers’ products that are damaged, obsolete or returned. Our Waste Management Policy ensures the handling of regulated waste is conducted in accordance with all applicable laws and regulations. We also require regular hazardous material safety certification and training of team members who, because of their role, might come into contact with hazardous materials.

**Transportation and Shipping**

- We actively manage order fulfillment with the goal to ship orders in the fewest number of cartons and from the nearest shipping point. We’re proud of our continued recognition by the U.S. Environmental Protection Agency (EPA) as a SmartWay® partner.

**Water**

- We monitor and measure our water footprint and always look for opportunities to reduce usage, such as installing water-efficient fixtures at our largest facilities. Grainger’s total global water usage in 2023 was nearly 538,000 cubic meters, which represented an approximate 7% increase from a 2022 total of more than 504,000 cubic meters. This increase is due to the growth of the business and additional buildings that came online in 2023. While our water usage increased, our overall water intensity per dollar of revenue decreased year over year.

**Grainger’s iconic boxes are made from more than 40% post-consumer recycled material, are recyclable and certified by the Sustainable Forestry Initiative.**



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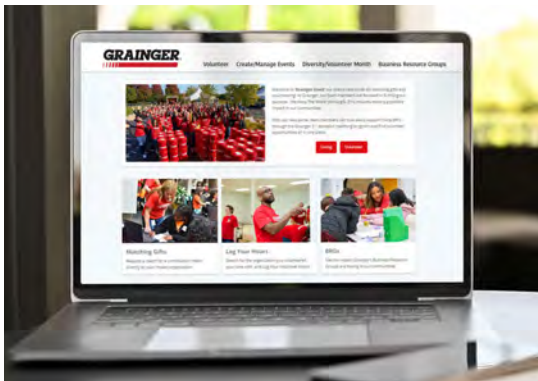
**Making an Impact Where We Work and Live**

Our community programs and partnerships are aligned to three focus areas where we believe we can make the most impact in helping build resiliency and strengthen our local communities:

- Support Disaster Resilience and Relief,
- Advancing the Emerging Workforce and
- Empower Our Communities.

Our efforts include grants, in-kind donations, team member volunteerism, nonprofit board placements and our Grainger Matching Charitable Gifts Program that provides a three-for-one match for U.S. team member contributions to eligible nonprofits that matter to them, up to \$7,500 annually. In 2023, Grainger granted nearly \$2 million in matching gift contributions to nearly 800 nonprofit organizations.

**In 2023, U.S. team members volunteered more than 16,000 hours with nonprofits.**



In 2023, Grainger invested in a new online portal for team members to find and register for volunteer opportunities and leverage the company's matching gift program to support nonprofits.



In September 2023, Grainger held its annual Bucket Build in partnership with the organization. Nearly 500 team members volunteered and packed 4,000 five-gallon Grainger buckets with cleaning supplies and small hand tools from our inventory.

**Supporting Disaster Resilience and Relief**

Grainger's robust logistics network, strong supplier partnerships and knowledgeable team members skilled in emergency support enable us to provide vital resources for our customers to prepare and respond in times of crisis. We extend that expertise to our communities and foster relationships with organizations that make an impact.

One such organization is ToolBank USA, a national nonprofit that supports local communities with the equipment needed to grow and rebuild. In September 2023, Grainger held its annual Bucket Build in partnership with the organization. Nearly 500 team members volunteered and packed 4,000 five-gallon Grainger buckets with cleaning supplies and small hand tools from our inventory. The finished buckets were prepositioned in ToolBank USA warehouses in Chicago, Denver, New Orleans, Sacramento, San Juan and Tampa to help communities in the aftermath of natural disasters.



“Demonstrating a commitment to Community Impact reflects a commitment to social good, strengthens communities, provides long-term benefits, enhances the company’s reputation and hopefully inspires others to make a difference.”

—TOM RICHEY, SR. MANAGER, COMMUNITY IMPACT

**Advancing the Emerging Workforce**

As the next generation enters the workforce, it is important they have the skills needed to succeed in today’s world. Grainger’s support helps equip individuals to become lifelong learners with the guidance, funding and tools necessary to enable success and be connected to work across technology and skilled trades. In order to meet this commitment, Grainger partners with YouthBuild USA, the nonprofit support center for our global network of more than 280 YouthBuild programs to share knowledge, tools, opportunities and support to help advance the emerging workforce.

**Empowering Our Communities**

We believe in empowering our communities where our team members live and work. We aim to drive social and economic benefits by offering programs that promote long-term resiliency, growth and upward mobility. In line with sharing our commitment to promoting education equity, we continue to collaborate with Camp Invention, a program of the National Inventors Hall of Fame, as well as North Chicago Community Partners, to offer in-person volunteer opportunities for team members.



Grainger contributed more than \$56 million in cash and product donations to nonprofit organizations in 2023.

**ESG PROGRAM FOCUS AREAS**

# Customer Sustainability Solutions

Grainger's Sustainability Solutions landing page on [Grainger.com](#) details how we support our customers' initiatives. Our offer includes an expansive range of products and services, which exceeded \$2 billion in High-Touch Solutions U.S. sales in 2023.

Grainger's customers come in all sizes, from all industries, and each have unique needs in maintaining safe, sustainable and productive environments. Whether they are looking to comply with new safety regulations, increase their use of environmentally friendly products or better manage their resources, our curated offering of products and services is designed to help our customers achieve their individual goals.

**Sustainable Products and Solutions**

Grainger's customers face a variety of environmental sustainability challenges, ranging from reducing greenhouse gas emissions to managing waste, lowering water consumption and improving air quality. Our customers are setting measurable goals to meet these challenges and minimize the impact their operations have on the environment. Meeting these goals is challenging and knowing who to turn to for help is not always clear. That's where Grainger comes in.

Grainger offers an extensive suite of Certified Environmentally Preferable Products (CEPPs), Environmentally Preferable Products (EPPs) and other sustainability related products. These products are readily available on Grainger.com.

In addition, we have a service offering geared toward helping customers achieve specific sustainability goals. Our services range from consultative assessments, which help customers understand their current position and define a path forward, to site-specific solutions that can help customers reduce energy, water and waste as well as improve air quality. Over the last year, we've helped our customers move the needle on their sustainability goals with services ranging from installing water bottle filling stations at schools to fitting electric vehicle charging stations at office buildings and conducting lighting retrofits in manufacturing facilities to reduce energy consumption. For example, at one large U.S. food manufacturer, our sustainability assessment team evaluated their water-using operations and



Our Field Safety Professionals conducted 2,000 onsite safety assessments in 2023 for our customers in the U.S. and Canada. This includes a structured process that identifies potential hazards, assesses the true risk, identifies solutions via the hierarchy of controls, and steps the customer through solution implementation.



“Key to helping our customers meet or exceed their sustainability goals is ensuring we understand the issues and challenges they face, and they understand how we can help.”

— SALLY SMART, MANAGER, CUSTOMER STRATEGY

helped identify ways that were estimated to reduce water costs by nearly 50% annually. Through the engagement, the team provided recommendations like installing monitoring equipment, fixing leaking hoses and installing a filtration system. The recommend solutions are expected to pay back in less than one year and will save our customer hundreds of gallons of water annually.

**Safety Products and Solutions**

Grainger’s solutions are focused on keeping people safe, healthy and secure. In addition to our sellers who are trained on these solutions, Grainger has a team of Field Safety Professionals, all of whom are certified through the Board of Certified Safety Professionals. They work with customers to provide value-added safety assessments and identify the best solutions for their unique needs. In 2023, this team completed 2,000 onsite safety assessments for our customers in the U.S. and Canada.

In addition to offering nearly 192,000 safety and security products through Grainger’s U.S. ordering channels, we have a series of services designed to help customers manage risk, meet regulatory compliance requirements and avoid injuries. We collaborate with trusted third-party service providers to bring our customers a comprehensive range of services, from assessments and training to program development and testing.

We also provide helpful resources through the Grainger KnowHow® website and our online Safety & Health Solutions Center to provide our customers with valuable safety information and insights. In all of this, we keep people at the center of what we do, and we’re proud to be a member of the National Safety Council’s Campbell Institute for the fifth consecutive year as the sole distributor of industrial supplies.



Grainger offers helpful resources through the Grainger KnowHow® website and our online Safety & Health Solutions Center to provide our customers with valuable safety information and insights.

ESG PROGRAM FOCUS AREAS

# Diversity Solutions



**“It’s meaningful to work on programs that impact our community at large. Grainger’s Diversity Solutions helps our customers with meeting their diversity goals, and supports the economic development of small, diverse businesses.”**

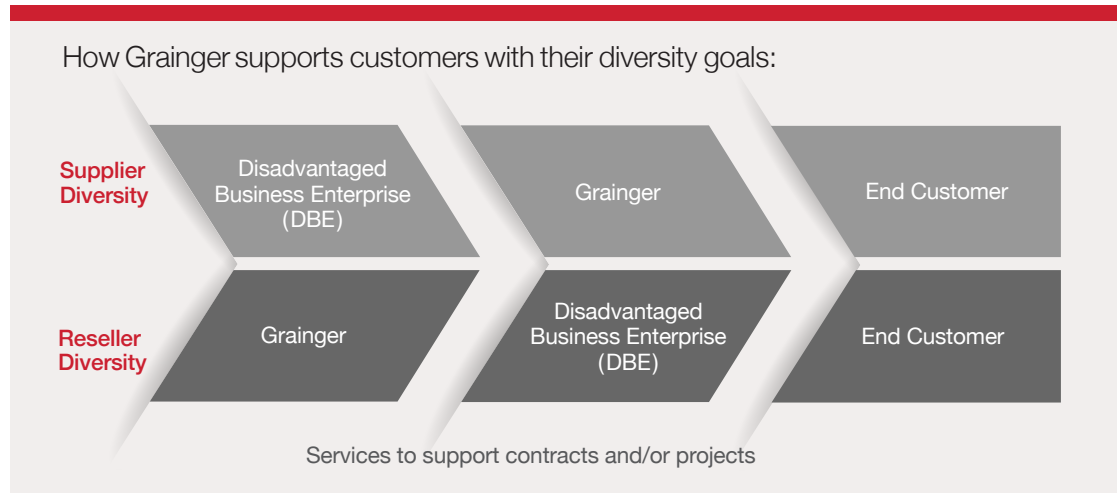
— ABBY PROBST, DIRECTOR, CHANNEL BRAND MANAGEMENT

**Grainger’s Diversity Solutions helps customers meet their diversity goals or requirements through a strategic combination of our products, services and diversity expertise, including our vetted network of diverse suppliers, resellers and service providers.**

Grainger’s Diversity Solutions helps customers meet their diversity goals or requirements through a strategic combination of our products, services and diversity expertise, including our vetted network of diverse suppliers, resellers and service providers. In 2023, we ramped up our efforts to track progress in this area, analyzing data every quarter to ensure we are making meaningful strides forward. We have a proud, 20-plus year history of partnering with small and diverse businesses, supporting the growth of historically underrepresented businesses through two core programs:

**Grainger’s Supplier Diversity** program enables customers to diversify their supply chains and promote the growth of underrepresented supplier groups. The Supplier Diversity Program provides quality products across categories with items like cleaning, safety, hardware, tools, fasteners, cutting tools, trash bags and more.

- Grainger works with Disadvantaged Business Enterprise (DBEs) suppliers to buy product and sell to the end customer.
- The customer can take a diversity spend credit for those qualifying purchases.
- More than 6,000 small businesses, including woman-, minority-, veteran-, hub zone-, LGBTQ+-, and disabled person-owned businesses, as well as other disadvantaged businesses,<sup>3</sup> are part of the Grainger High-Touch Solutions U.S. Supplier Diversity Program, which includes direct and indirect spend.
- During the federal government’s fiscal year ending September 30, 2023, Grainger High-Touch Solutions U.S. purchased more than \$2 billion of products from small businesses, including woman-, minority-, veteran-, hub zone-, LGBTQ+-, and disabled person-owned businesses, as well as other disadvantaged businesses.



3. Previously reported this figure as representing the number of DBEs. This figure represents small businesses, including DBEs, as part of Grainger’s High-Touch Solutions U.S. Supplier Diversity Program.



“Grainger’s participation in diversity reseller programs demonstrates our commitment to diversity and inclusion. It allows customers to achieve their procurement goals and invests in growth and development for underrepresented communities.”

— CANDICE LOVEJOY, VICE PRESIDENT, MERCHANDISING & SUPPLIER MANAGER

**Grainger’s Reseller Diversity** program assists our customers in meeting their diversity procurement goals through certified DBE authorized resellers that comply with all applicable laws and regulations. The program provides MRO resellers and customers greater access to products and services, and extends their reach to segments and contracts typically mandated or prioritized for small businesses and DBEs.

- Grainger High-Touch Solutions U.S. partners with small and diverse businesses, enabling them to directly sell to end customers as authorized resellers.
- Grainger helps customers meet their diversity procurement goals through spend with certified DBEs.
- In 2023, our network of diverse authorized Grainger resellers sold hundreds of millions of dollars of products to Government (State & Local, Education), Healthcare, Manufacturing and Commercial segment customers.

Additionally, our Reseller Diversity programming includes Grainger’s Federal Reseller Network that incorporates DBEs who maintain relationships or contracts with the federal government and

leverage Grainger’s products, logistics and supply chain. Purchases from these resellers help federal government customers achieve their socioeconomic procurement goals. This includes relationships with the Department of Energy and the Department of Veterans Affairs.

Further, Grainger is a corporate member of the Women’s Business Enterprise National Council (WBENC) and participates in various virtual trade, networking and learning events, and develops relationships with DBEs.



Grainger provides regular networking and learning events to help Disadvantaged Business Enterprises be successful.

ESG PROGRAM FOCUS AREAS

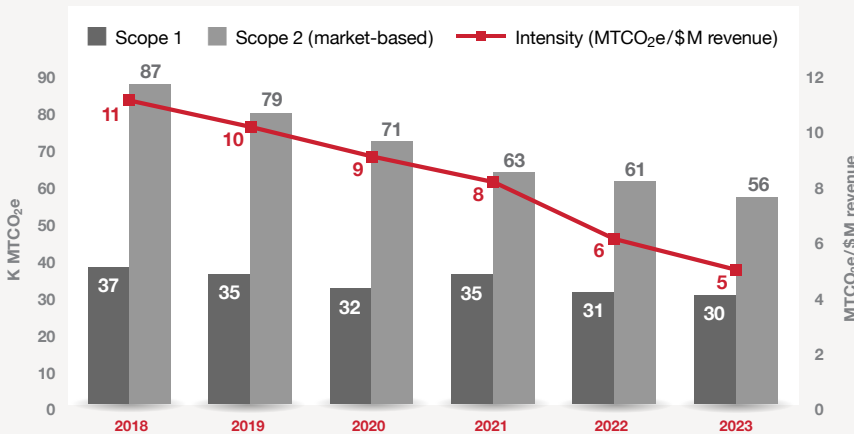
# Energy and Emissions



“Managing the sustainability team at Grainger allows me to partner with leaders across the business to expand our footprint while reducing our emissions, doing what’s best for Grainger and the environment.”

— KAREN SILVASY, MANAGER, ENGINEERING ENERGY & CARBON STRATEGY

Total Global Scope 1 & 2 Absolute Emissions in thousands of MTCO<sub>2</sub>e and Emissions Intensity



We believe sustainability and strong business performance are connected.

That’s why we are committed to educating our team members on sustainable practices and investing in projects like solar panels, building management systems, high-efficiency life cycle replacements and hydrogen fuel cell-powered material handling equipment in our distribution centers. These initiatives both contribute to a greener planet and generate measurable financial results.

In 2023, Grainger’s Board of Directors approved an updated 2030 emissions target that seeks to reduce global absolute Scope 1 & Scope 2 emissions by 50% from a 2018 baseline by 2030, which is an increase from our previous 2030 target of 30%. This new goal aligns Scope 1 & Scope 2 emissions reduction with the level required to limit global temperature rise to 1.5 degrees Celsius according to the Science-Based Target initiative’s guidelines.

Based on progress as of the end of 2023, we have reduced global absolute Scope 1 & Scope 2 emissions by 31% since 2018, which achieved our previous 2030 target seven years early. Our total global Scope 1 & Scope 2 (market-based) GHG emissions totaled less than 86,000 metric tons of CO<sub>2</sub>e, placing us 61% of the way towards reaching our new 50% emissions reduction target.

## Scope 3

We recognize the importance of reducing Scope 3 emissions as part of mitigating climate risks and our environmental impact. Grainger’s ESG Leadership Council regularly reviews our overall carbon emissions reduction strategy. Scope 3 considers all indirect emissions (not included in Scopes 1 & 2) that occur upstream and downstream from Grainger’s operations, and for Grainger, the majority of Scope 3 impact resides in the product-use phase, or the energy required to operate the products we sell. For those curious to learn more, our Scope 3 emissions disclosure can be found in our annual CDP Climate Change Assessment response, which we make publicly available on GraingerESG.com.



“What motivates me? I have a young family that deserves to inherit a planet that can provide for them at least as well, preferably better, than the way it was left for me.”

— BRANDON GOMEZ, DIRECTOR, CONSTRUCTION AND ENGINEERING

Since 2009, Grainger has annually disclosed to the CDP, providing details on business risks and opportunities related to climate change. We're proud to have received an A- rating from the CDP in 2023, which places us in the leadership level and indicates climate stewardship best practice.

Below are some of the ways we are focused on reducing our carbon and waste footprint in our operations and throughout our value chain.

**Solar Energy**

- We currently have seven megawatt direct current of solar panel installations at our U.S. distribution centers and are working to install solar at our branches. These solar installations have resulted in more than 8,000 megawatt hours of renewable energy produced in 2023.

**Life Cycle Replacements**

- We upgrade to more energy efficient equipment once something has reached the end of its useful life. We do this through initiatives like LED retrofitting with occupancy sensors and HVAC upgrading with energy efficient equipment.

**Hydrogen Fuel Cell Technology**

- We leverage hydrogen fuel cell technology to power our Powered Industrial Equipment (PIE), which reduces emissions and improves operational efficiencies by eliminating the need to charge batteries.

**Building Management Systems**

- Our Building Management Systems (BMS) help us achieve our energy efficiency goals by enabling us to monitor a building's energy usage in real time and adjust as necessary for maximum efficiency. Our BMS footprint was extended to all our U.S. distribution centers and branches in 2023, resulting in 10-15% energy and cost savings upon installation and bringing us closer to achieving a comprehensive view of energy use in our buildings across the enterprise. In 2023, more than 60% of our North American footprint was maintained with a BMS.

**Solar installations at our U.S. distribution centers, like the one shown above in Bordentown, NJ, have resulted in more than 8,000 megawatt hours of renewable energy produced in 2023.**

ESG PROGRAM FOCUS AREAS

# Diversity, Equity and Inclusion



“Embracing diversity is essential to our business. The distinct characteristics and skills of our team members inspire innovation, improve customer service and cultivate a culture where our team members feel appreciated and empowered to do and be their best.”

– GLORIA MORGAN, VICE PRESIDENT, HUMAN RESOURCES, DIVERSITY, EQUITY & INCLUSION, AND COMMUNITY IMPACT

**Our DEI team serves as knowledgeable consultants, informing our practices and ensuring we’re focused on driving a welcoming and equitable culture.**

### Diversity, Equity and Inclusion

At Grainger, we know our differences and unique experiences make us stronger, that’s why we work to provide an equitable playing field so that all team members can succeed. From hiring and onboarding to training and development, Grainger builds DEI principles into our daily operations. We do this by:

- Selecting candidate slates representing diverse backgrounds and experiences
- Leveraging technology to ensure our job descriptions are free from bias
- Engaging outside firms to review our pay to ensure equity
- Providing data to leaders to ensure they understand the make up of their teams

- Offering DEI resources and training throughout the business to remove bias and prevent discrimination in hiring
- Establishing mechanisms for team members to self-identify
- Partnering with community programs to bridge skills gaps, including YouthBuild, USA, ToolBank and Camp Invention
- Participating with organizations to enable us to expand our diverse talent pool, such as Ascend, DisabilityIN, Out & Equal, National Sales Network, National Black MBA Association, HACE, Fairygodboss, Recruit Military, and Hire Heroes USA, as well as Historically Black Colleges and Universities and Hispanic-Serving Institutions across the U.S.



Our DEI team serves as knowledgeable consultants, informing our practices and ensuring we’re focused on driving a welcoming and equitable culture. This includes our Inclusive Behavior Learning Framework, which provides all team members with the tools needed to drive understanding and build bridges between cultures. In 2023, nearly 98% of North American team members completed our DEI Mindset training.

As detailed earlier in this report, our Grainger Edge principles together with our Business Conduct Guidelines detail how ours is a workplace that does not tolerate racism, discrimination, harassment, prejudice or violence.

From hiring and onboarding to training and development, Grainger builds DEI principles into our daily operations.



Our Veterans and Military Supporters BRG offers another example of making a positive impact on our culture, including hosting welcome home events for those who proudly serve.

**Celebrating Who We Are**

Grainger launched its first Business Resource Groups (BRGs) more than a decade ago. Since then, our BRGs have played an essential role in shaping Grainger's inclusive culture. Grainger's eight BRGs are sponsored by senior executives and have four objectives:

- Build Connections
- Develop Our Team
- Educate Our Team
- Strengthen Our Communities

The BRGs have played a crucial role in shaping our company culture. For example, the Pride BRG spearheaded the initiative to enhance our Family and Medical Leave policy, allowing our team members to care for their loved ones. This updated policy now includes coverage for domestic partners, grandparents and grandchildren. Moreover, they were pivotal in ensuring that we offer gender identity-related benefits, such as transition resources, and providing well-being support for both team members and their families. These initiatives were recognized and contributed to Grainger achieving a perfect

score on the Corporate Equality Index for the ninth consecutive year.

Our Veterans and Military Supporters BRG offers another example of making a positive impact on our culture. In November 2023, the BRG led a company-wide homecoming celebration for a team member following 638 days of active military deployment. In addition, the BRG played a pivotal part in Grainger being awarded as a Best for Vets employer by *Military Times*. This award is based on the results of a voluntary survey that evaluates policies, practices and benefits for veterans and their families. As a company, we take pride in supporting our team members who serve in the military and their families. Grainger provides our veterans with various benefits, including 12 months of regular pay in addition to their military pay for Reservists and National Guard members called to active duty. Grainger also offers emotional support resources for all team members and their families, including our active military members and veterans. This includes six free sessions with a licensed therapist and unlimited self-guided emotional well-being exercises.

Our eight Business Resource Groups (BRGs) play a central role in advancing diversity, equity and inclusion at Grainger.





“As the President of the Latino Business Resource Group at Grainger, I am proud of the impact our group is making on shaping the company’s culture by promoting diversity, inclusion and equity. Our efforts are fostering a supportive and inclusive environment for Latino team members, driving positive change within our organization and the community.”

— TANIA FIGUEROA-GODOY, REGIONAL SALES VICE PRESIDENT AND PRESIDENT, LATINO BUSINESS RESOURCE GROUP

In addition to positively impacting our internal culture, the BRGs are also actively benefiting our communities. Every year, each BRG receives \$10,000 from the Grainger community fund to donate to the nonprofit organization of their choosing. In 2023, our BRGs contributed to organizations such as Girls on the Run, 9/11 Day, Urban Initiatives, Alzheimer’s Association, Howard Brown Health, American Foundation for Suicide Prevention, Free Lunch Academy and People Matter to help strengthen our communities.

**Recruitment and Retention**

Grainger has been successful in building the pipeline of women through both strong external hiring practices and promotion rates.

**Diversity Data and Reporting — Data Transparency**

Grainger provides leaders with dashboards regarding their team’s DEI data. These tools enable senior leaders to more easily leverage demographic data as they engage in functional talent planning and DEI goal setting. Below is a snapshot of our 2023 results.

**GENDER (GLOBAL)**

ALL TEAM MEMBERS (%)	PEOPLE LEADERS (%) <sup>4</sup>	EXECUTIVE LEADERSHIP (%)	BOARD OF DIRECTORS (%)
42% <b>Women</b>	36% <b>Women</b>	33% <b>Women</b>	31% <b>Women</b>
58% <b>Men</b>	64% <b>Men</b>	67% <b>Men</b>	69% <b>Men</b>
0% <b>Non-disclosed</b>	0% <b>Non-disclosed</b>	0% <b>Non-disclosed</b>	0% <b>Non-disclosed</b>

**RACIALLY AND ETHNICALLY DIVERSE (U.S.)**

ALL TEAM MEMBERS (%)	PEOPLE LEADERS (%) <sup>4</sup>	EXECUTIVE LEADERSHIP (%)	BOARD OF DIRECTORS (%)
37% <b>Total</b>	24% <b>Total</b>	27%	23%
5% <b>Asian</b>	6% <b>Asian</b>		
12% <b>Black</b>	6% <b>Black</b>		
16% <b>Hispanic or Latino</b>	9% <b>Hispanic or Latino</b>		
58% <b>White</b>	72% <b>White</b>		
4% <b>Other</b> (Multiracial & All Other)	3% <b>Other</b> (Multiracial & All Other)		
5% <b>Non-disclosed</b>	4% <b>Non-disclosed</b>		

As part of Grainger’s continued commitment to transparency, our consolidated U.S. Federal Employment Information Report (EEO-1) is available on GraingerESG.com. It reflects our U.S. workforce as of December 31 of the most recent year’s available data.

4. People Leaders are those who manage others and Directors and above.

**ESG PROGRAM FOCUS AREAS**

# Workplace Safety



Our facilities are designed to create safe and sustainable environments. We drive a culture of safety through ongoing training so every team member understands their role in keeping themselves, colleagues, customers and communities safe.

When we say we focus on what matters, safety tops that list. Our customers trust us to have the right products and services to support their safety goals, and we take great pride in modeling our safety expertise in our workplace, with our Environmental, Health and Safety (EHS) program integrated into all aspects of business operations. Our EHS team has three priorities as stated in our [Global EHS Policy](#):

- Safe people and processes for our operations worldwide;
- Safe environments through proper product handling, storage and waste minimization for all business areas; and
- Safe distribution by properly transporting hazardous materials.

Our facilities are designed to create safe and sustainable environments. We drive a culture of safety through ongoing training so every team member understands their role in keeping themselves, colleagues, customers and communities safe. This includes daily meetings in our branches and

distribution centers that focus on safe practices and healthy behaviors. In 2023, we completed more than 42,000 safety observations in the U.S. and Canada to assess our workplace conditions to ensure our safety protocols were effective and followed.

All team members complete mandatory safety training each year, including education on preventing workplace violence. Grainger also mandates regular certification on relevant topics based on roles, including hazard communication, hazardous material safety and shipping, hazardous materials compliance policy, refrigerant compliance, back and knife safety, ergonomics and soft-tissue injury prevention, and powered industrial-equipment operation.

Our U.S.-based business safety performance includes all operational and non-operational full-time and part-time team members. Grainger experienced a total recordable incident rate of 1.3 for 2023 and a lost-time incident rate of 0.4, with zero work-related fatalities. Our total recordable incident rate and lost-time incident rate

**In 2023, we completed more than 42,000 safety observations in the U.S and Canada to assess our workplace conditions to ensure our safety protocols were effective and followed.**



“Safety is a core value that guides my actions and decisions every day. I am proud to work for a company that provides a culture of safety that encourages learning, feedback, and continuous improvement. Our team, up and down the organization, is committed to uphold the highest standards of safety and to deliver strong EHS performance for our team members and customers. Our work is focused on ensuring everyone — team members and customer — can return home to their families, friends and loved ones safely.”

— DOUG JONES, SR. DIRECTOR, GLOBAL EH&S

are favorable to the Wholesale Industry average of 2.4 and 1, respectively, as defined by the U.S. Bureau of Labor Statistics (BLS).

In 2023, we implemented the Grainger EHS Management System (GEMS). GEMS is a comprehensive platform designed to streamline our EHS processes, enhance compliance and provide real-time insights of our environmental and safety performance. GEMS helps Grainger better manage and mitigate risks, respond to incidents swiftly, and improve overall safety across the company.

We are constantly monitoring the impact climate change has on our team and adjusting our working conditions appropriately, from adding air scrubbers to facilities in the western United States to address

air quality issues due to wildfires, to instituting air cooling equipment and procedures to mitigate rising temperatures and resulting heat-related conditions.

To both share our expertise and learn from others, we engage in several external partnerships. Grainger is a proud member of the Campbell Institute of the National Safety Council, which uses research, education and advocacy to eliminate preventable deaths at work, in homes and on the road. Our Canadian business participates in the Certificate of Recognition (COR), an audit standard for health and safety systems, as part of our EHS commitment to our resource extraction customers. We conduct the COR audit for full certification every three years, with maintenance audits conducted annually.

# Appendix

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## Forward-looking Statement

All statements in this report other than those relating to historical facts are “forward-looking statements” under the federal securities laws. Forward-looking statements can generally be identified by their use of terms such as “aim,” “anticipate,” “believe,” “commit,” “could,” “drive,” “estimate,” “ensure,” “expect,” “forecast,” “goal,” “intend,” “may,” “mission,” “plan,” “predict,” “project,” “seek,” “strategy,” “strive,” “target,” “will” or “would” and similar terms and phrases, including references to assumptions. In particular, such statements may include but are not limited to: (1) statements which may relate to our purpose, ambitions, aims, commitments, targets, plans, and objectives, and sustainability goal progress; (2) environmental, health, and safety (EHS) data as it relates to the environment, safety performance, management systems, implementation, and regulatory compliance, including data collection systems at applicable sites that track and collect EHS data through the corporate-wide EHS reporting systems; (3) social data as it relates to employee metrics, social practices, and community engagement programs derived from our various databases; (4) responsible sourcing of materials and the related responsible sourcing systems and data; and (5) statements about actions of suppliers and partners or our work with them.

Grainger cannot guarantee that any forward-looking statement will be realized and achievement of future results is subject to risks and uncertainties, many of which are beyond Grainger’s control, which could cause Grainger’s results to differ materially from those that are presented. Important factors that could cause actual results to differ materially from those presented or implied in the forward-looking statements include, without limitation: inflation, higher product costs or other expenses, including operational and administrative expenses; the impact of macroeconomic pressures and geopolitical trends, changes and events; a major loss of customers; loss or disruption of sources of supply; changes in customer or product mix; increased competitive pricing pressures; changes in third-party practices regarding digital advertising; failure to enter into or sustain contractual arrangements on a satisfactory basis with group purchasing organizations; failure to develop, manage or implement new technology initiatives or business strategies, including with respect to Grainger’s eCommerce platforms; failure to adequately protect intellectual property or successfully defend against infringement claims; fluctuations or declines in Grainger’s gross profit margin; Grainger’s responses to market pressures; the outcome of pending and future litigation or governmental or regulatory proceedings, including with respect to wage and hour, anti-bribery and corruption, environmental, regulations related to advertising, marketing and the Internet, consumer protection, pricing (including disaster or emergency declaration pricing statutes), product liability, compliance or safety, trade and export compliance, general commercial disputes, or privacy and cybersecurity matters; investigations, inquiries, audits and changes in laws and regulations; failure to comply with laws, regulations and standards, including new or stricter environmental laws or regulations; government contract matters; the impact of any government shutdown; disruption or breaches of information technology or data security systems involving Grainger or third parties on which Grainger depends; general industry, economic, market or political conditions; general global economic conditions including tariffs and trade issues and policies; currency exchange rate fluctuations; market volatility, including price and trading volume volatility or price declines of Grainger’s common stock; commodity price volatility; facilities disruptions or shutdowns; higher fuel costs

or disruptions in transportation services; outbreaks of pandemic disease or viral contagions; natural or human induced disasters, extreme weather and other catastrophes or conditions; effects of climate change; failure to execute on Grainger’s efforts and programs related to environmental, social and governance matters; competition for, or failure to attract, retain, train, motivate and develop executives and key team members; loss of key members of management or key team members; loss of operational flexibility and potential for work stoppages or slowdowns if team members unionize or join a collective bargaining arrangement; changes in effective tax rates; changes in credit ratings or outlook; Grainger’s incurrence of indebtedness or failure to comply with restrictions and obligations under its debt agreements and instruments; and other factors that can be found in Grainger’s filings with the Securities and Exchange Commission (“SEC”), including Grainger’s most recent periodic reports filed on Form 10-K and Form 10-Q, which are available under “Financials” in the Investor Relations section of Grainger’s website at <http://invest.grainger.com>.

The preceding list is not intended to be an exhaustive list of all of the factors that could impact the Grainger’s forward-looking statements. Caution should be taken not to place undue reliance on Grainger’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 document shall not be considered material for SEC reporting purposes. As such, in the context of this report, the term “material” is distinct from, and should not be confused with, such term as defined for SEC reporting purposes. Website references and hyperlinks throughout this report are provided for convenience only, and the content on the referenced websites is not incorporated by reference into this report, nor does it constitute a part of this report. Grainger undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This report represents our current policy and intent and is not intended to create legal rights or obligations. The standards of measurement and performance contained in this report are developing and based on assumptions, and no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this report can or will be achieved. This report may contain or incorporate by reference public information not separately reviewed, approved, or endorsed by us, and we make no representation, warranty, or undertaking as to the accuracy, reasonableness, or completeness of such information. This report contains examples of savings and results achieved by us, our customers and our partners that may or may not be representative of what other companies could achieve in similar circumstances. Inclusion of information in this report is not an indication that the subject or information is material to our business or operating results. “Material” for the purposes of this report should not be read as equating to any use of the word in our other reporting or filings with the U.S. Securities and Exchange Commission. No part of this report or our website constitutes, or shall be taken to constitute, an invitation or inducement to invest in us or any other entity and shall not be relied upon in any way in connection with any investment decisions.

## About This Report

The contents of this report are informed by the outcomes of our most recent ESG materiality assessment conducted in 2024. Further details on our 2024 materiality assessment are provided on page 32. We also align disclosures in this report to the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB), and we provide a Global Reporting Initiative (GRI) content index to indicate the location(s) of particular ESG topics and data. The data in this document is for the reporting period January 1, 2023 to December 31, 2023, unless otherwise specified. Throughout this report, data figures are rounded and approximate.

### Boundary

Although Grainger's ESG commitments apply throughout the world, this report is primarily focused on Grainger's major operations in North America.<sup>1</sup> These operations currently represent more than 80% of Grainger's business based on percentage of revenue and number of team members. In this report, the specific geographic and business unit boundaries are referenced as following:

- "Total company", "Grainger", "global" or "globally" refer to W.W. Grainger, Inc. and its subsidiaries, except where the context makes it clear that the reference is only to W.W. Grainger, Inc. itself and not its subsidiaries.
- "High-Touch Solutions N.A." refers to Grainger's High-Touch Solutions segment in North America, which provides value-added MRO solutions that are rooted in deep product knowledge and customer expertise. The high-touch solutions model serves customers with complex buying needs. This segment includes the Grainger-branded businesses in the United States (U.S.), Canada, Mexico and Puerto Rico.
- "High-Touch Solutions U.S." refers to Grainger-branded businesses in the U.S. that form part of the high-touch solutions model.
- "Endless Assortment" refers to Grainger's Endless Assortment segment that provides a streamlined and transparent online platform with one-stop shopping for millions of products. The Endless Assortment segment includes Zoro Tools, Inc. (Zoro) and MonotaRO Co., Ltd. (MonotaRO) online channels which operate predominately in the U.S. and Japan, respectively.
- Stated geographies such as "U.S." or "North America" refer to all of Grainger's operations in the stated geographies. Both reportable segments, High-Touch Solutions N.A. and Endless Assortment, are included.

### External Assurance

Grainger engages with Apex Companies, LLC, for verification of our Scope 1, Scope 2 & Scope 3 greenhouse gas emissions, energy consumption, waste generation and water withdrawal data. We have included our Scope 1 & Scope 2 emissions assurance in this report on page 52. You can view all of our verification statements at [GraingerESG.com](https://www.grainger.com/esg). Additionally, Grainger receives ongoing verification of its environmentally preferable SKU designation from a third-party provider.

### Data Validation

Since 2022, Grainger has maintained a team within our Controllershship department that is dedicated to reviewing ESG data and helping to ensure accuracy, completeness and consistency in external reporting. Prior to disclosure, each metric in this report underwent internal validation.

1. High-Touch Solutions North America and Zoro U.S.

# Materiality Assessment

At Grainger, we conduct ESG materiality assessments to maintain a sharp, thoughtful focus on the topics most critical to our business and key stakeholders. The results of the assessments inform our ESG program and overall strategy. As we keep pace with an evolving ESG landscape, we routinely update our assessment to stay current, with our most recent materiality assessment completed in 2024.

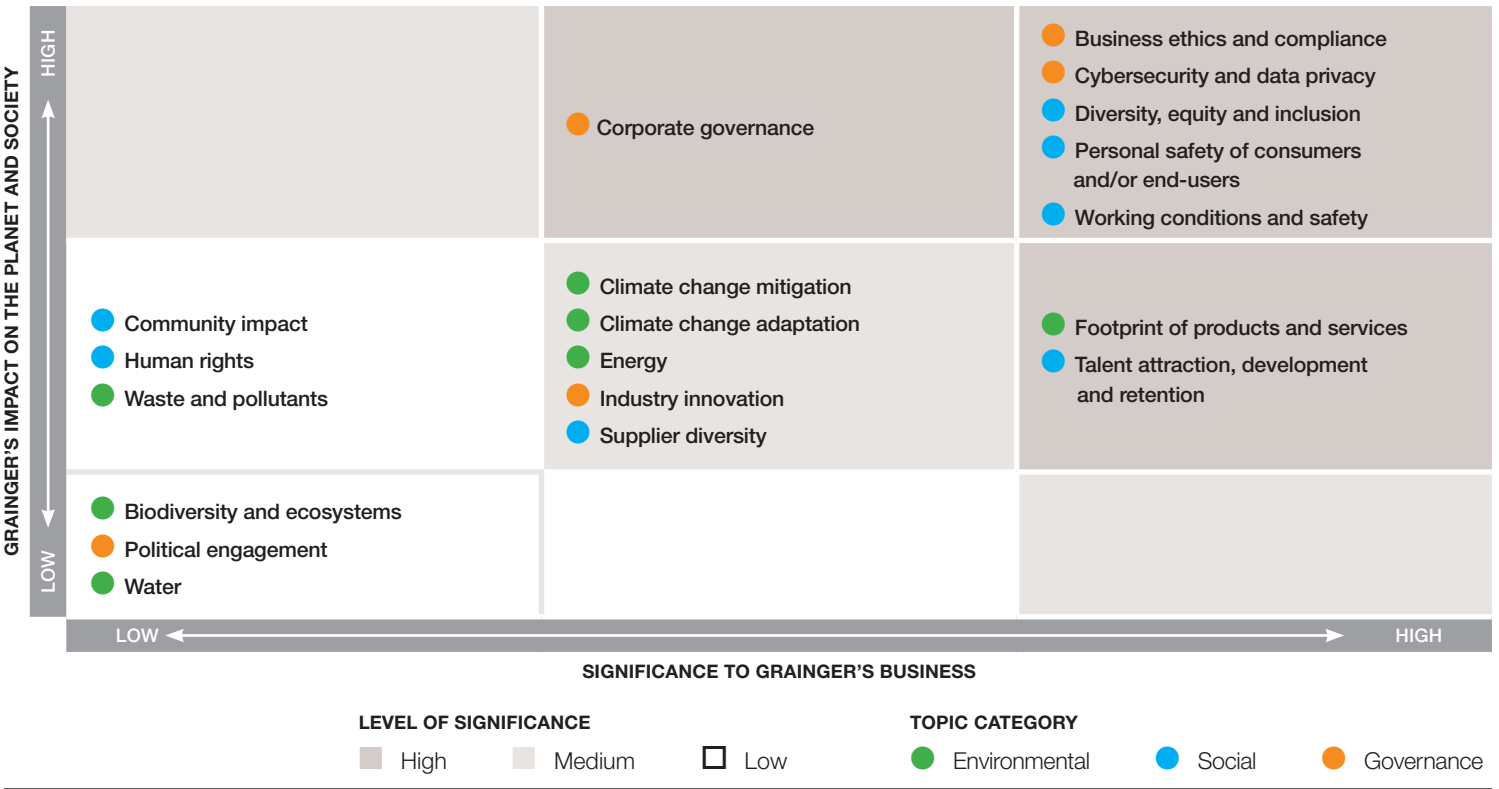
## 2024 Materiality Assessment Approach

We engaged a third-party consulting firm to assist with our 2024 materiality assessment. The assessment adopted a double-materiality-informed approach, which differed from previous years by considering not only the financial significance of topics on our business, but also the impact Grainger may have on the environment, people and society more broadly.

To begin the process, we identified a list of relevant ESG topics by benchmarking against reporting standards for our industry, such as GRI, SASB, ISS, MSCI and TCFD, as well as our peers. The identified topics

were then mapped to the European Sustainability Reporting Standards subtopics. With the finalized list of topics, we completed a value chain mapping exercise to identify dependencies and impacts on people and the environment.

Grainger engaged key internal and external stakeholders, calling on senior leaders, team members, customers, investors and community partners to gather feedback and insights on the financial and impact materiality of ESG topics. Feedback collection occurred through a variety of channels including live interviews, group workshops and surveys.



## 2024 Materiality Assessment Matrix and Results

Our stakeholder engagement results were aggregated into a double-materiality-informed matrix, which Grainger's ESG Leadership Council reviewed and approved during a standard update meeting. The 2024 assessment results were similar to 2021, which served to validate our understanding of and continued focus on our most significant topics. On the whole, the materiality matrix helps inform our ESG strategy

and go-forward ESG program focus areas, which have been identified and aggregated as the following topics:

- Customer Sustainability Solutions
- Diversity Solutions
- Energy and Emissions
- Diversity, Equity and Inclusion
- Workplace Safety

## Product Safety and Quality

Although Grainger does not manufacture the products we distribute to customers, we take product safety seriously. Our company has established a Product Safety Committee made up of senior leadership from the Product Compliance, Legal and Supplier Management teams. This committee convenes regularly to provide ongoing governance and oversight of product safety, quality and compliance.

### Private Label

To ensure high-quality private label products, our engineering team conducts product evaluation and testing, while also directly engaging with suppliers. This engagement includes key elements such as conducting investigations and factory audits, as well as continually working to ensure our suppliers have the appropriate equipment and processes in place to deliver consistent quality products. If quality issues arise, the engineering team conducts an investigation, performs appropriate product testing and summarizes its findings. Those findings may lead to corrective action, including, but not limited to, supplier improvement in tools and/or processes, applying a stop sale, sending product back to supplier for rework and recalling product.

### National Brands

At Grainger, we offer a wide selection of national brand products sourced from our trusted supplier partners, who are experts in their respective industries. To ensure we are partnering with suppliers that represent socially responsible procurement practices, all vendors are required to acknowledge our supplier handbook. In the event of a safety or recall issue, the Product Safety team convenes and partners with the supplier to determine the best course of action. If required, the team promptly implements a stop sale into the Grainger system, which prevents the shipment of these products to customers. Grainger then works with the supplier to determine how to resolve the issue. Once the situation is resolved to the satisfaction of the supplier and Grainger, the stop sale is lifted.

## Supply Chain Transparency

In 2022, Grainger engaged a third-party consulting firm to review and assess our ethical sourcing practices. Based on their recommendations, Grainger implemented the following enhancements to our supply chain transparency program throughout 2023:

1. Updated our internal and external documentation with ILO standards for forced labor. This included updating our Supplier Code of Ethics which all suppliers must accept as part of doing business with us, as well as our Business Conduct Guidelines, which is our code of conduct governing how all Grainger employees are expected to work together, serve customers and business partners, and honor our commitments to shareholders everywhere we do business.
2. Created an organization specific risk matrix to aid in categorizing and triaging our product supplier network, which included the identification of suppliers falling into a higher risk categorization to undergo further diligence.
3. Defined and adopted third-party audit standards acceptable to the organization.
4. Explored and implemented technology solutions to improve supplier monitoring, supply chain mapping, risk assessment and auditing.

## Conflict Minerals

In focusing on what matters, Grainger's commitment to human rights extends to all levels of the supply chain. In keeping with this ethos, our [Conflict Minerals Policy](#) supports the aim of the Dodd-Frank Act to prevent armed groups in the Democratic Republic of the Congo (DRC)

and the surrounding region from benefiting from the extraction and trade of minerals including tantalum, tin, gold, or tungsten sourced from the DRC or the surrounding region.

## Team Member Learning

Today's market is ever-changing and competitive. At Grainger, we understand the importance of developing our talent is more crucial than ever. To meet the unique needs of our global population, we segment our learning into three enterprise portfolios which allow us to target learning by audience and need:

- Professional development: consists of learning solutions for all team members and leaders.
- Career development portfolio: focuses on development planning and career-based programs.
- Leadership development portfolio: focuses on building and reinforcing people leadership skills for team members.

Our professional development portfolio includes our Elevate Badging Program, launched in 2021, which provides a structured and self-paced learning path for team members who want to grow their careers at Grainger. In 2023, 3% of full-time employees participated in the program.

From our leadership development portfolio, our Leadership Essentials program is a key player. This is an eight-week leader onboarding program focused on giving new leaders the knowledge and tools to coach, develop, provide feedback, and create an inclusive environment where team members are encouraged to thrive. In 2023, 2% of full-time employees completed the program. Nearly 70% of current people leaders at Grainger have taken the course.

## ESG Data Transparency Table

	2021	2022	2023
<b>GRAINGER</b>			
Total revenue (\$ billions)	13.0	15.2	16.5
Total team members	24,200	26,000	26,000
Total full-time team members	22,700	23,000	23,200
Total part-time team members	1,500	3,000	2,900
Total U.S. team members	18,000	19,000	19,000
<b>THE GRAINGER TEAM: LIFE AT GRAINGER</b>			
<b>Team Member Development<sup>2</sup></b>			
Total training hours completed by team members (hours)	306,000	360,000	361,000
Average training hours per team member (hours) <sup>3</sup>	Not stated	12	11
Percentage of workforce receiving career or skill-based training (%)	Not stated	Not stated	69
<b>Ethics</b>			
Percentage of global team members that completed Business Conduct Guidelines training (%)	100	100	100
<b>Operating Sustainably</b>			
Global non-hazardous waste landfilled (thousand pounds)	25,000	24,000	24,000
Percent of non-hazardous waste landfilled (%)	36	25	22
Global non-hazardous waste recycled (thousand pounds)	44,000	72,000	85,000
Percent of non-hazardous waste recycled (%)	64	75	78
U.S. hazardous waste disposed (thousand pounds)	Not stated	Not stated	58
Global total water usage (cubic meters)	524,000	504,000	538,000
Percent change from prior year in global water usage (%)	Not stated	(4)	7
<b>Impacting Communities</b>			
Cash and product contributions to non-profit organizations (\$ million)	96	47	56
U.S. team member volunteer hours (hours)	10,000	12,000	16,000

2. Includes North American team members

3. Denominator used for calculating average training hours per team member in 2022 and 2023 includes all team members taking courses throughout the calendar year, accounting for both turnover and new hires. This is an update in methodology that began in 2022.

# ESG Data Transparency Table (CONTINUED)

	2021	2022	2023
<b>ESG PROGRAM FOCUS AREAS</b>			
<b>Customer Sustainability Solutions</b>			
Sustainability Solutions revenue (\$ billion) <sup>4</sup>	Not stated	Not stated	2
Percent revenue from Sustainability Solutions (% of High-Touch Solutions N.A. revenue)	Not stated	Not stated	17
<b>Diversity Solutions<sup>5</sup></b>			
Spend with all small businesses, including diverse-owned businesses (\$ billion)	2	2	2
Number of small businesses, including diverse-owned businesses, part of Grainger's Supplier Diversity Program	7,000	7,000	6,000
<b>Energy and Emissions<sup>6</sup></b>			
Total energy consumption from renewable and non-renewable sources (MWh)	348,000	327,000	309,000
Energy intensity (MWh/\$M)	27	21	19
Change in energy usage from prior year due to emissions reduction activities (MWh)	Not stated	19,000	18,000
Non-renewable energy usage — branches (MWh)	Not stated	Not stated	89,000
Non-renewable energy usage — corporate offices (MWh)	Not stated	Not stated	40,000
Non-renewable energy usage — distribution centers (MWh)	Not stated	Not stated	118,000
Non-renewable energy usage — other (data center and warehouse) (MWh)	Not stated	Not stated	31,000
Percentage renewable energy (%)	3	4	10
Renewable energy produced (MWh)	7,000	8,000	8,000
Percentage grid electricity (%)	604,000 GJ, 49% of total (168,000 MWh)	603,000 GJ, 51% of total (168,000 MWh)	591,000 GJ, 53% of total (164,000 MWh)
Total electrical power consumption (MWh)	Not Stated	168,000	164,000
Non-renewable electrical power consumption — (MWh)	159,000	154,000	136,000
Electrical power consumption — branches (MWh)	Not stated	36,000	32,000
Electrical power consumption — corporate offices (MWh)	Not stated	28,000	27,000
Electrical power consumption — distribution centers (MWh)	Not stated	97,000	95,000
Electrical power consumption — other (data centers and warehouses) (MWh)	Not stated	7,000	11,000
Scope 1 & Scope 2 emissions (market-based) (MTCO <sub>2</sub> e)	99,000	92,000	86,000
Scope 1 & Scope 2 emission intensity (MTCO <sub>2</sub> e/\$M)	8	6	5
Reduction of Scope 1 & Scope 2 emissions since 2018 (%)	20	26	31
Scope 1 emissions (MTCO <sub>2</sub> e)	35,000	31,000	30,000
Scope 1 emissions — branches (MTCO <sub>2</sub> e)	14,000	13,000	11,000
Scope 1 emissions — corporate offices (MTCO <sub>2</sub> e)	3,000	3,000	3,000
Scope 1 emissions — distribution centers (MTCO <sub>2</sub> e)	13,000	9,000	8,000
Scope 1 emissions — other (data center, warehouses, refrigerants, generators, and fleet fuel) (MTCO <sub>2</sub> e)	3,000	6,000	8,000
Scope 2 emissions (market-based) (MTCO <sub>2</sub> e)	63,000	61,000	56,000

4. Grainger High-Touch Solutions U.S.; Includes products and services. Previously Grainger reported on sales from Environmentally Preferable Products only.

5. Grainger High-Touch Solutions U.S.; Diverse-owned businesses include woman-, minority-, veteran-, hub zone-, LGBTQ+-, and disabled person-owned businesses.

6. Total global data

## ESG Data Transparency Table (CONTINUED)

	2021	2022	2023
<b>ESG PROGRAM FOCUS AREAS</b>			
<b>Diversity, Equity and Inclusion</b>			
Global percent of women team members (%)	Not stated	Not stated	42
Global percent of women in leadership positions (%)	Not stated	Not stated	36
Global percent of women on executive leadership team (%)	Not stated	Not stated	33
Percent of women board of directors (%)	33	36	31
U.S. percent of racially & ethnically diverse team members (%)	35	37	37
U.S. percent of racially & ethnically diverse leaders (%)	24	24	25
U.S. percent of racially & ethnically diverse members of executive leadership team (%) <sup>7</sup>	Not stated	Not stated	27
Percent of racially & ethnically diverse Board of Directors (%)	25	27	23
<b>U.S. Workplace Safety</b>			
Lost time injury rate — all employees (lost time injuries per 100 team members in a year)	0.3	0.4	0.4
Lost time injury rate — contractors (lost time injuries per 100 team members in a year)	Not stated	Not stated	0.0
Total recordable incident rate — all employees (OSHA recordable incidents per 100 team members in a year)	1.2	1.3	1.3
Total recordable incident rate — contractors (OSHA recordable incidents per 100 team members in a year)	Not stated	Not stated	0.0
Total number of fatalities — all employees	0	0	0
Total number of fatalities — contractors	0	0	0

7. Previously reported on this metric using different definition (CEO's leadership team). This metric uses the updated definition in which the CEO is included as part of the executive leadership team for the calculation.

# Task Force on Climate-related Financial Disclosures (TCFD) Index

The Task Force on Climate-related Financial Disclosures (TCFD) developed voluntary, consistent climate-related financial risk disclosures for use by companies in providing meaningful information to stakeholders, which is now being overseen by the IFRS Foundation through incorporation into the ISSB standards. We are committed to providing transparency on our climate change risk management, governance and performance. In line with this commitment, we have provided responses to the TCFD recommendations below, along with references to sources where you can find additional details and disclosures. Please note that at the time of publishing this index, our 2023 CDP Climate Change Assessment covering FY2022 is available. Our 2024 CDP response will be made available later in 2024, according to the CDP's timeline, and will cover FY2023. Please check [GraingerESG.com](https://www.grainger.com/esg) for our latest reports and resources, including our CDP submissions and assurance statements.

RECOMMENDED DISCLOSURE	GRAINGER RESPONSE	2024 REFERENCES
<b>Governance</b>		
<p>Describe the board's oversight of climate-related risks and opportunities.</p>	<p>The Board has oversight of Grainger's Enterprise Risk Management (ERM) program and processes, including with respect to ESG and climate-related risks. Both the Board and Audit Committee regularly review Grainger's risk assessment and management processes and policies and receive regular updates from Grainger's management team members who are responsible for the effectiveness of Grainger's ERM program.</p> <p>The Board Affairs and Nominating Committee (BANC), which is comprised of all of the Board's independent directors, assists the Board in oversight of ESG programs, including climate-related topics.</p> <p>The BANC annually reviews Grainger's ESG strategy, programs, and reporting, which includes climate-related topics. In addition to the annual ESG review received by the BANC, the BANC receives 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 rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors.</p>	<p>CDP 2024 ESG Report, <a href="#">Our Approach</a> <a href="#">2024 Proxy Statement</a> pages 1-2</p>
<p>Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Grainger has an ESG Leadership Council that is led by the CEO and composed of management team members. The ESG Leadership Council sets the strategic direction of Grainger's ESG program, which includes climate-related topics, identifies ways to incorporate ESG initiatives into our operations and strategy, and provides updates to the BANC and information to the Board.</p> <p>Members of the ESG Leadership Council regularly receive updates on Grainger's climate matters, provide strategic direction, oversee and approve climate targets, monitor progress and manage and assess climate-related risks and opportunities brought forth as part of ESG Leadership Council updates.</p> <p>Cross-functional ESG Working Groups comprised of subject matters experts manage and implement strategic guidance from the ESG Leadership Council on climate-related topics.</p>	<p>CDP 2024 ESG Report, <a href="#">Our Approach</a> <a href="#">2024 Proxy Statement</a> page 26</p>

# Task Force on Climate-related Financial Disclosures (TCFD) Index

(CONTINUED)

RECOMMENDED DISCLOSURE	GRAINGER RESPONSE	2024 REFERENCES
<p><b>Strategy</b></p> <p>Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p> <p>Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.</p>	<p>As part of Grainger's climate risk assessments, Grainger considers both physical and transition risks. For transition risks, Grainger has identified potential and/or actual climate-related transition risks associated with current and emerging regulations, technology, legal issues, market conditions and reputation. On the physical risk side, Grainger has identified both acute and chronic physical risks with potential to impact our business. Further details outlining these risks can be found in our latest CDP Climate Change Assessment.</p> <p>Grainger has also identified climate-related opportunities with a potential to positively impact our business. Our ability to provide customers with a robust offering of Sustainability Solutions (products, services and resources) is critical to meeting key customer needs and represents a growing sales segment for Grainger worth more than \$2 billion in annual revenue.<sup>8</sup> Our Sustainability Solutions offering helps customers manage their energy, air quality, waste and water, as well as supports them in meeting their own environmental initiatives. Additionally, Grainger's Emergency Management Programs help communities prepare for 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.</p> <p>Grainger has also identified opportunities to improve energy efficiency and reduce dependency on non-renewable energy within our own operations. This includes solar installations that have had measurable financial returns, as well as initiatives such as high-efficiency lifecycle replacements and building management systems that have decreased our energy consumption and costs, as well as reduced our emissions. This helps to prevent increases in energy costs and availability, increases in costs related to potential carbon taxes/pricing and any future reputational risks in the transition to a lower carbon economy.</p> <p>Climate-related risks and opportunities have influenced Grainger's strategy and financial planning. For example, we have developed our Sustainability Solutions offering and Emergency Management Programs as a way to meet key customer needs and expect it to remain integral to our business and overall strategy. Grainger continues to make climate-related R&amp;D investments, such as building management systems to improve our resource efficiencies and monitor site-level trends and climate risks. We consider our operations and supply chain, with the understanding that the inability to provide customers with the products they want when they want them because of climate risks could significantly impact our business results. We conduct business impact assessments to understand the potential impact of key facilities and locations on our business and supply chain and evaluate how we might mitigate impacts. Grainger engages with suppliers to understand their own climate risks, opportunities, targets and performance.</p>	<p>CDP 2024 ESG Report, <a href="#">Energy and Emissions</a> <a href="#">2023 Annual Report</a> page 21</p>
<p>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° Celsius or lower scenario.</p>	<p>Grainger conducts climate-related scenario analysis in a qualitative and quantitative manner to help inform our climate strategy. For the transition scenario, we evaluated a 1.5° Celsius scenario, with results of the analysis showing that our current emissions target and performance are aligned for Scope 1 &amp; Scope 2, but our Scope 3 emissions would not be aligned with a 1.5° Celsius temperature trajectory. Grainger is pursuing continued improvement of Scope 3 through improvements in our data and calculation methodologies and engagement with suppliers and customers to collectively progress on sustainability and emissions goals.</p> <p>To assess our physical risk exposure, we evaluated the 'business as usual' RCP 8.5 scenario, in which long-term climate shifts are likely to lead to severe weather events, disrupting supply chains and impact revenue. In this scenario, there are increased risks to our assets, as well as higher risks to critical infrastructure in surrounding communities. A business impact analysis revealed that losing a distribution center would affect Grainger's operations and business results; however, we have the ability to mitigate some impacts through rerouting products, drop-shipping, overtime work and other strategies.</p>	<p>CDP</p>

8. Includes High-Touch Solutions U.S. revenue from products and services

# Task Force on Climate-related Financial Disclosures (TCFD) Index

(CONTINUED)

RECOMMENDED DISCLOSURE	GRAINGER RESPONSE	2024 REFERENCES
<b>Risk Management</b>		
Describe the organization's processes for identifying and assessing climate-related risks.	Climate-related risks are incorporated in Grainger's overall Enterprise Risk Management (ERM) processes. The ERM team uses the Company's Enterprise Risk Management Framework (RMF) to define, measure and monitor risk across the organization. External benchmarking is conducted to determine applicable short-term, medium-term and long-term risks for the organization. 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. There is a quantitative metric that covers the financial dimension of risk. 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 manner.	
Describe the organization's processes for managing climate-related risks.		CDP <a href="#">2024 Proxy Statement</a> pages 25-26
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Additionally, Grainger leaders and climate-related subject matter experts throughout the company support the identification of relevant climate risks. There is a cross-functional team that collaborates to assess any identified emerging or evolving risks related to climate on an ongoing basis. The assessment process for a climate risk may include, but is not limited to, reviewing the risk and likelihood, evaluating the potential or actual financial significance, benchmarking, engaging with key stakeholders, leveraging third-party consultant perspectives, understanding current risk management activities and tracking the current state. Grainger has implemented a specific process to track the financial impact of severe weather events on our business in order to better understand risks and opportunities related to such events. Grainger's Board and management team are engaged in assessing identified material risks and determining the appropriate response and prioritization.	
<b>Metrics</b>		
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> <li>▪ Scope 1 emissions: 30,000 MTCO<sub>2</sub>e</li> <li>▪ Scope 2 emissions, location-based: 66,000 MTCO<sub>2</sub>e</li> <li>▪ Scope 2 emissions, market-based: 56,000 MTCO<sub>2</sub>e</li> <li>▪ Scope 1 &amp; Scope 2 (market-based) emissions: 86,000 MTCO<sub>2</sub>e</li> <li>▪ Scope 1 &amp; Scope 2 (market-based) emissions intensity: 5 MTCO<sub>2</sub>e/ \$M</li> </ul>	CDP <a href="#">2024 Assurance Statements</a>
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	<ul style="list-style-type: none"> <li>▪ Scope 3 emissions: 2023 data to be disclosed at a later date – please check our assurance statements and CDP responses on <a href="#">GraingerESG.com</a> for the latest data</li> <li>▪ Customer Sustainability Solutions Revenue<sup>9</sup>: \$2 billion</li> </ul> <p>Scope 1, 2, and 3 emissions methodology and assurance statements can be found on our <a href="#">GraingerESG.com</a> website under Reports and Resources.</p>	2024 ESG Report, <a href="#">Energy and Emissions</a>
Describe the targets used by the organization to manage climate-related risks and opportunities against targets.	<p><b>Scope 1 &amp; Scope 2 Target:</b> In 2023, Grainger's Board of Directors approved an updated 2030 emissions target that seeks to reduce global absolute Scope 1 &amp; Scope 2 emissions by 50% from a 2018 baseline by 2030, which is an increase from our previous 2030 target of 30%.</p> <p><b>Performance Against Target:</b> Since 2018, we have reduced global absolute Scope 1 &amp; Scope 2 emissions by 31%. In 2023, our total global Scope 1 &amp; Scope 2 (market-based) GHG emissions totaled nearly 86,000 metric tons of CO<sub>2</sub>e, placing us 61% of the way towards reaching our new 50% emissions reduction target.</p>	CDP 2024 ESG Report, <a href="#">Energy and Emissions</a>

9. Includes High-Touch Solutions U.S. revenue from products and services

# SASB Index

SASB has developed and maintains industry-specific standards to assist companies in disclosing financially material sustainability information to investors. The following chart outlines our SASB disclosure responses to the Multiline and Specialty Retailers & Distributors standard, with references to where this information can be found.

ACCOUNTING METRIC	DATA TYPE	CODE	GRAINGER DISCLOSURE
<b>Energy Management in Retail &amp; Distribution</b>			
(1) Total Energy Consumed	Quantitative	CG-MR-130a.1	1,112,000 GJ (309,000 MWh)
(2) Percentage grid electricity	Quantitative	CG-MR-130a.1	591,000 GJ, 53% of total (164,000 MWh)
(3) Percentage renewable	Quantitative	CG-MR-130a.1	112,000 GJ, 10% of total (31,000 MWh)
<b>Data Security</b>			
Description of approach to identifying and addressing data security risks	Qualitative	CG-MR-230a.1	<p><a href="#">2023 Annual Report</a>, pages 17, 18, 22            2024 ESG Report, <a href="#">Working Securely</a></p> <p><b>Vulnerability Identification:</b> Grainger identifies vulnerabilities using vulnerability management tools and exercises such as scans and penetration tests, which are aligned with a defined, documented and approved vulnerability remediation strategy for all Grainger-owned operational assets. The IT environment is continuously analyzed to help identify new assets, devices or applications that require vulnerability scanning and penetration testing. Reports or automated dashboards identifying the current state of vulnerabilities impacting Grainger assets are provided by the Threat and Vulnerability Management team to technical stakeholders and appropriate management, who are responsible to review and respond to vulnerability risk.</p> <p><b>Information Security Risk Management:</b> The Governance, Risk and Compliance (GRC) team's function is to provide governance to ensure that Grainger's information and systems are secured in accordance with our standards, and to nurture our commitment to asset security and integrity. The GRC team accomplishes this through the implementation of frameworks (like the NIST RMF framework) to ensure appropriate asset classification, control alignment and implementation, risk assessments and audit support, risk acceptance and asset authorization and ongoing risk and control monitoring.</p> <p><b>Information Security — Vendor Risk Management:</b> Grainger's Information Security GRC team reviews vendors when they are onboarded, upon contract renewal and when a new Statement of Work (SOW) is executed. A review of the information and applications involved is conducted, and advice on the appropriate controls is given to ensure that the adequate Information Security contractual obligations are in place.</p> <p><b>Information Security Policies:</b> The Information Security team has numerous policies and administrative procedures that are in place to provide guidance around Information Security and Risk Management requirements. These policies are available to all team members on the company's intranet homepage and are updated regularly to align with industry standards, regulatory requirements and contractual agreements.</p> <p><b>Information Security Awareness:</b> Grainger has an Information Security Awareness program that provides team members with an understanding of the foundations of Information Security through regular communications via the company intranet and newsletters.</p> <p>All team members also go through annual training around Information Security to ensure that they understand their roles and responsibilities in protecting Grainger information and systems appropriately. Additional training is provided for more critical roles, such as software developers who build such systems and applications. In addition, Grainger Information Security organization executes monthly company-wide Information Security education and awareness campaigns and phishing tests to determine compliance with company policies and best practices and to determine additional focus needs. Grainger uses gamification to improve employee engagement with its security awareness content and tracks compliance with remediation training with HR as an escalation point.</p>
(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII) (3) Number of users affected	Quantitative	CG-MR-230a.2	<p>While Grainger does not currently disclose all of those metrics, further information on data security can be found in the following:</p> <ul style="list-style-type: none"> <li>• <a href="#">2023 Annual Report</a> on pages 17, 18, 22</li> <li>• 2024 ESG Report, <a href="#">Working Securely</a></li> </ul>

# SASB Index (CONTINUED)

ACCOUNTING METRIC	DATA TYPE	CODE	GRAINGER DISCLOSURE			
<b>Labor Practices</b>						
(1) Average hourly wage and (2) Percentage of in-store employees earning minimum wage, by region	Quantitative	CG-MR-310a.1	Grainger does not currently disclose this information.			
(1) Voluntary and (2) Involuntary turnover rate for all employees	Quantitative	CG-MR-310a.2				
Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Quantitative	CG-MR-310a.3	Material legal proceedings are disclosed in our 2023 <a href="#">Annual Report on Form 10-K</a> for the fiscal year ended December 31, 2023 on pages 23 and 65, but Grainger does not currently disclose this specific metric.			
<b>Workforce Diversity &amp; Inclusion</b>						
Percentage of gender and diversity group representation for (a) executive management, (b) non executive management and (c) all other employees	Quantitative	CG-MR-330a.1	<b>GLOBAL GENDER</b>			
				Executive Management	Non-Executive Management	All Other Employees
			% Women	33	36	43
			% Men	67	64	57
			% Non-disclosed	0	0	0
			<b>U.S. R/ED</b>			
				Executive Management	Non-Executive Management	All Other Employees
			% Asian	18	6	5
			% Black	9	6	12
			% Hispanic or Latino	0	9	17
% White	73	72	56			
% Other (Multiracial & All Other)	0	3	5			
% Non-disclosed	0	4	5			
Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Quantitative	CG-MR-330a.2	Material legal proceedings are disclosed in our <a href="#">2023 Annual Report on Form 10-K</a> for the fiscal year ended December 31, 2023 on pages 23 and 65, but Grainger does not disclose this specific metric.			

# SASB Index (CONTINUED)

ACCOUNTING METRIC	DATA TYPE	CODE	GRAINGER DISCLOSURE
<b>Product Sourcing, Packaging, &amp; Marketing</b>			
Revenue from products third-party certified to environmental and/or social sustainability standards	Quantitative	CG-MR-410a.1	\$2 billion in High-Touch Solutions U.S. Customer Sustainability Solutions revenue, which includes products and services 2024 ESG Report, <a href="#">Customer Sustainability Solutions</a>
Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	CG-MR-410a.2	<p><b>Products:</b> As part of our product category review process, we conduct a product regulatory review, which ensures that our products meet requirements like federal and state laws, and we assess product ingredient lists for substances which may have harmful effects on human health or the environment. Our strong understanding of industry best practices for products are driven by evaluations from our suppliers and product expectations from our customers. Where necessary to serve our customers, Grainger will work with suppliers to identify alternative products. For Grainger's private label products where we are the importer of record, we conduct in-person factory and product audits and quality checks prior to any product entering our supply chain. When a product enters our supply chain, we conduct audits before the product is released into stock to ensure the product meets the requirements set with the supplier. All products must meet the testing and ingredient requirements for functionality, quality, federal and state regulations. We continue to increase the number of products in our portfolio with environmental certifications and attributes, such as GreenGuard and EPA Safer Choice, helping consumers identify and consider these products while shopping. We also continue to align with product safety best practices and forecast emerging risks and regulations. Our established and refined compliance requirements ensure that our products are safe for their intended use. We actively educate team members and customers on potential risks and continuously monitor and research chemical safety trends to enhance the availability of safe products.</p> <p><b>Hazard Communication Program:</b> Grainger maintains a set of hazard communication policies and best practices. Our corporate EHS and Supplier Management/Product Compliance departments are jointly responsible for the management and implementation of the Hazard Communication Program. Employees who work with or are potentially exposed to hazardous chemicals receive initial training on the hazard communication standard and this plan before starting work. Each new employee attends a health and safety orientation that includes an overview of the Hazard Communication and GHS standard. The Hazardous Material Shipping Compliance Guidelines Acknowledgment must be signed by the appropriately trained members of Grainger's Management Teams at the DC's and Branch locations.</p>
Discussion of strategies to reduce the environmental impact of packaging	Discussion and Analysis	CG-MR-410a.3	2024 ESG Report, <a href="#">Operating Sustainably</a> and <a href="#">Customer Sustainability Solutions</a>
<b>Activity Metric</b>			
Number of: (1) retail locations and (2) distribution centers	Quantitative	CG-MR-000.A	Retail locations (branches): 397 Distribution centers: 34 Further details can be found in our <a href="#">2023 Annual Report</a> , page 23
Total area of: (1) retail space and (2) distribution centers	Quantitative	CG-MR-000.B	Retail locations (branches): 8,000,000 Distribution centers: 17,000,000 Further details can be found in our <a href="#">2023 Annual Report</a> , page 23

# GRI Content Index

Grainger has reported the information cited in this GRI content index for the period January 1, 2023 to December 31, 2023, unless otherwise specified. Grainger applies the GRI standards in the below GRI content index as a means of indicating where particular topics and disclosures can be found.

Please note, at the time of publishing this index, our 2023 CDP Climate Change Assessment covering FY2022 is available. Our 2024 CDP response will be made available later in 2024, according to the CDP's timeline, and will cover FY2023. Please check [GraingerESG.com](https://www.GraingerESG.com) for our latest reports and resources, including our CDP submissions and assurance statements.

## GRI 1 used — GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	W.W. Grainger, Inc. <a href="#">2023 Annual Report</a> , pages 1, 5-10, 23
	2-2 Entities included in the organization's sustainability reporting	2024 ESG Report, <a href="#">About This Report</a>
	2-3 Reporting period, frequency and contact point	Reporting period: Fiscal year 2023 (January 1, 2023 to December 31, 2023), unless otherwise noted. Reporting frequency: Annual Contact: <a href="mailto:GraingerESG@Grainger.com">GraingerESG@Grainger.com</a>
	2-4 Restatements of information	Details of restatements can be found in footnotes of respective sections. 2024 ESG Report, <a href="#">About This Report</a>
	2-5 External assurance	2024 ESG Report, <a href="#">About This Report</a> and <a href="#">Emissions Reporting: Assurance</a> Reports and Resources on <a href="https://www.GraingerESG.com">GraingerESG.com</a>
	2-6 Activities, value chain and other business relationships	<a href="#">2023 Annual Report</a> , pages "About Us", iv, 5-10
	2-7 Employees	26,000 total team members <a href="#">2023 Annual Report</a> , pages 8-10 2024 ESG Report, <a href="#">Diversity Data and Reporting — Data Transparency</a> and <a href="#">ESG Data Transparency Table</a> <a href="#">EEO-1 report</a>
	2-8 Workers who are not employees	<a href="#">2023 Annual Report</a> , pages 8-10
	2-9 Governance structure and composition	<a href="#">2024 Proxy Statement</a>
	2-10 Nomination and selection of the highest governance body	<a href="#">2024 Proxy Statement</a> , pages 1-23
	2-11 Chair of the highest governance body	<a href="#">2024 Proxy Statement</a> , page 21
	2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">2024 Proxy Statement</a> , pages 24-28
	2-13 Delegation of responsibility for managing impacts	<a href="#">2024 Proxy Statement</a> , pages 17-20, 24-28
	2-14 Role of the highest governance body in sustainability reporting	<a href="#">2024 Proxy Statement</a> , pages 24-27 2024 ESG Report, <a href="#">Our Approach</a>
	2-15 Conflicts of interest	<a href="#">2024 Proxy Statement</a> , pages 4,8 <a href="#">2024 Business Conduct Guidelines</a> , pages 10-11 <a href="https://www.GraingerCodeofConduct.com">www.GraingerCodeofConduct.com</a>
	2-16 Communication of critical concerns	<a href="#">2024 Proxy Statement</a> , pages 27-28 <a href="https://www.GraingerCodeofConduct.com">www.GraingerCodeofConduct.com</a>
	2-17 Collective knowledge of the highest governance body	<a href="#">2024 Proxy Statement</a> , pages 5-16
	2-18 Evaluation of the performance of the highest governance body	<a href="#">2024 Proxy Statement</a> , pages 21-23

# GRI Content Index (CONTINUED)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-19 Remuneration policies	<a href="#">2024 Proxy Statement</a> , pages 29-32, 38-64
	2-20 Process to determine remuneration	<a href="#">2024 Proxy Statement</a> , pages 29-30, 38-64
	2-21 Annual total compensation ratio	<a href="#">2024 Proxy Statement</a> , page 71
	2-22 Statement on sustainable development strategy	2024 ESG Report, <a href="#">Chairman and CEO message</a>
	2-23 Policy commitments	<a href="#">Business Conduct Guidelines</a> <a href="#">Conflict Minerals Policy</a> <a href="#">Supplier Code of Ethics</a> <a href="#">Human Rights Principles</a> <a href="#">Global Environmental, Health and Safety Policy</a>
	2-24 Embedding policy commitments	2024 ESG Report (including, but not limited to): – <a href="#">Unwavering Ethics</a> – <a href="#">Speaking Up and Being Heard</a> – <a href="#">Conflict Minerals</a> – <a href="#">Workplace Safety</a> – <a href="#">Operating Sustainably</a> – <a href="#">Energy and Emissions</a>
	2-25 Processes to remediate negative impacts	2024 ESG Report, <a href="#">Unwavering Ethics</a> and <a href="#">Speaking Up and Being Heard</a> <a href="#">www.GraingerCodeofConduct.com</a> <a href="#">Business Conduct Guidelines</a>
	2-26 Mechanisms for seeking advice and raising concerns	2024 ESG Report, <a href="#">Speaking Up and Being Heard</a> <a href="#">www.GraingerCodeofConduct.com</a> <a href="#">Business Conduct Guidelines</a>
	2-27 Compliance with laws and regulations	Material legal proceedings are disclosed in our <a href="#">2023 Annual Report on Form 10-K</a> for the fiscal year ended December 31, 2023, on pages 23 and 65
	2-28 Membership associations	<a href="#">2024 Proxy Statement</a> , on page 28
	2-29 Approach to stakeholder engagement	2024 ESG Report, <a href="#">Materiality Assessment</a>
2-30 Collective bargaining agreements	<a href="#">Human Rights Principles</a>	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	2024 ESG Report, <a href="#">Materiality Assessment</a>
	3-2 List of material topics	2024 ESG Report, <a href="#">Materiality Assessment</a>
	3-3 Management of material topics	2024 ESG Report, <a href="#">Materiality Assessment</a> For further details on specific material topics, please see respective sections and metrics included in the 2024 ESG Report
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<a href="#">2023 Annual Report</a> , pages 38-65
	201-2 Financial implications and other risks and opportunities due to climate change	<a href="#">2023 Annual Report</a> , on page 21 <a href="#">CDP</a> , C2. Risks and Opportunities and C3. Business Strategy
	201-3 Defined benefit plan obligations and other retirement plans	<a href="#">2023 Annual Report</a> , pages 54-58
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	<a href="#">2023 Annual Report</a> , pages 8-10, 21 2024 ESG Report: – <a href="#">Customer Sustainability Solutions</a> – <a href="#">Safety Products and Solutions</a> – <a href="#">Diversity Solutions</a> – <a href="#">Making an Impact Where We Work and Live</a>

# GRI Content Index (CONTINUED)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2024 ESG Report, <a href="#">Diversity Solutions</a>
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	2024 ESG Report, <a href="#">Unwavering Ethics Business Conduct Guidelines</a> <a href="http://www.GraingerCodeofConduct.com">www.GraingerCodeofConduct.com</a>
GRI 207: Tax 2019	207-1 Approach to tax	<a href="#">2023 Annual Report</a> , pages 46, 61-63
	207-2 Tax governance, control and risk management	<a href="#">2023 Annual Report</a> , pages 19-20, 28, 46, 61-63 <a href="#">Audit Committee Charter</a>
GRI 301: Materials 2016	301-2 Recycled input materials used	2024 ESG Report, <a href="#">Operating Sustainably</a> and <a href="#">Customer Sustainability Solutions</a>
	301-3 Reclaimed products and their packaging materials	2024 ESG Report, <a href="#">Operating Sustainably</a> and <a href="#">Customer Sustainability Solutions</a>
GRI 302: Energy 2016	302-1 Energy consumption within the organization	309,000 MWh 2024 ESG Report, <a href="#">Energy and Emissions</a> and <a href="#">ESG Data Transparency Table</a> SASB, CG-MR-130a.1
	302-3 Energy intensity	19 MWh/\$M 2024 ESG Report, <a href="#">Energy and Emissions</a> and <a href="#">ESG Data Transparency Table</a>
	302-4 Reduction of energy consumption	18,000 MWh 2024 ESG Report, <a href="#">Energy and Emissions</a> and <a href="#">ESG Data Transparency Table</a>
	302-5 Reductions in energy requirements of products and services	2024 ESG Report, <a href="#">Customer Sustainability Solutions</a>
GRI 303: Water and Effluents 2018	303-5 Water consumption	538,000 cubic meters 2024 ESG Report, <a href="#">Operating Sustainably</a>
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	30,000 MTCO <sub>2</sub> e 2024 ESG Report, <a href="#">Energy and Emissions</a> CDP
	305-2 Energy indirect (Scope 2) GHG emissions	Market-based: 56,000 MTCO <sub>2</sub> e Location-based: 66,000 MTCO <sub>2</sub> e 2024 ESG Report, <a href="#">Energy and Emissions</a> CDP
	305-3 Other indirect (Scope 3) GHG emissions	Please see <a href="http://GraingerESG.com">GraingerESG.com</a> to access our most recent CDP Climate Change Assessment submission and Scope 3 emissions assurance statement. These are updated as new data is made available. 2024 ESG Report, <a href="#">Energy and Emissions</a>
	305-4 GHG emissions intensity	Scope 1 & Scope 2 emission intensity: 5 MTCO <sub>2</sub> e/\$M 2024 ESG Report, <a href="#">Energy and Emissions</a>
	305-5 Reduction of GHG emissions	31% in Scope 1 & Scope 2 emissions reduction as of 12/31/2023 vs. 2018 baseline 2024 ESG Report, <a href="#">Energy and Emissions</a> CDP

# GRI Content Index (CONTINUED)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	85,000,000 lbs of waste recycled 24,000,000 lbs of non hazardous waste disposed 58,000 lbs of hazardous waste disposed in the U.S. 2024 ESG Report, <a href="#">Operating Sustainably</a>
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	2024 ESG Report, <a href="#">Customer Sustainability Solutions</a> <a href="#">Supplier Code of Ethics</a> CDP
	308-2 Negative environmental impacts in the supply chain and actions taken	2024 ESG Report, <a href="#">Operating Sustainably</a> and <a href="#">Energy and Emissions</a> <a href="#">Supplier Code of Ethics</a>
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	2024 ESG Report, <a href="#">Total Rewards – Pay and Benefits</a> <a href="#">Total Rewards Website</a>
	401-3 Parental leave	2024 ESG Report, <a href="#">Total Rewards – Pay and Benefits</a> <a href="#">Total Rewards Website</a>
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	2024 ESG Report, <a href="#">Workplace Safety</a> <a href="#">Global Environmental, Health and Safety Policy</a>
	403-2 Hazard identification, risk assessment, and incident investigation	2024 ESG Report, <a href="#">Working Securely</a> and <a href="#">Workplace Safety</a> <a href="#">Global Environmental, Health and Safety Policy</a>
	403-3 Occupational health services	2024 ESG Report, <a href="#">Workplace Safety</a> <a href="#">Global Environmental, Health and Safety Policy</a> <a href="#">Total Rewards Website</a>
	403-4 Worker participation, consultation, and communication on occupational health and safety	2024 ESG Report, <a href="#">Workplace Safety</a> <a href="#">Global Environmental, Health and Safety Policy</a>
	403-5 Worker training on occupational health and safety	2024 ESG Report, <a href="#">Workplace Safety</a> <a href="#">Global Environmental, Health and Safety Policy</a>
	403-6 Promotion of worker health	2024 ESG Report, <a href="#">Workplace Safety</a> <a href="#">Global Environmental, Health and Safety Policy</a> <a href="#">Total Rewards Website</a>
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2024 ESG Report, <a href="#">Workplace Safety</a> <a href="#">Global Environmental, Health and Safety Policy</a>
	403-8 Workers covered by an occupational health and safety management system	2024 ESG Report, <a href="#">Workplace Safety</a> <a href="#">Global Environmental, Health and Safety Policy</a>
	403-9 Work-related injuries	0.4 U.S. LTIR all employees 0.0 U.S. LTIR contracted employees No work-related fatalities in 2023. 2024 ESG Report, <a href="#">Workplace Safety</a>
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Average hours of training per N.A. team member: 11 2024 ESG Report, <a href="#">Team Member Development</a> and <a href="#">Team Member Learning</a>
	404-2 Programs for upgrading employee skills and transition assistance programs	2024 ESG Report, <a href="#">Team Member Development</a> and <a href="#">Team Member Learning</a>
	404-3 Percentage of employees receiving regular performance and career development reviews	2024 ESG Report, <a href="#">Team Member Development</a>

# GRI Content Index (CONTINUED)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2024 ESG Report, <a href="#">Diversity, Equity and Inclusion</a> and <a href="#">SASB Index</a> <a href="#">EEO-1 Report</a> <a href="#">2024 Proxy Statement</a>
	405-2 Ratio of basic salary and remuneration of women to men	Grainger engages a third-party expert for a pay equity analysis of U.S. team member compensation, but Grainger does not publicly disclose the results at this time.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	2024 ESG Report, <a href="#">Unwavering Ethics</a> and <a href="#">Supply Chain Transparency</a> <a href="#">Human Rights Principles</a> <a href="#">Supplier Code of Conduct</a>
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	2024 ESG Report, <a href="#">Unwavering Ethics</a> and <a href="#">Supply Chain Transparency</a> <a href="#">Human Rights Principles</a> <a href="#">Supplier Code of Conduct</a>
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	2024 ESG Report, <a href="#">Making an Impact Where We Work and Live</a>
	413-2 Operations with significant actual and potential negative impacts on local communities	Grainger has not identified any operations where there are significant actual or potential negative impacts on local communities
GRI 414: Supplier Social Assessment 2016	4 414-1 New suppliers that were screened using social criteria	2024 ESG Report, <a href="#">Unwavering Ethics</a> and <a href="#">Supply Chain Transparency</a> <a href="#">Human Rights Principles</a> <a href="#">Supplier Code of Conduct</a>
	414-2 Negative social impacts in the supply chain and actions taken	2024 ESG Report, <a href="#">Unwavering Ethics</a> and <a href="#">Supply Chain Transparency</a> <a href="#">Human Rights Principles</a> <a href="#">Supplier Code of Conduct</a>
GRI 415: Public Policy 2016	415-1 Political contributions	<a href="#">Business Conduct Guidelines</a>
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	2024 ESG Report, <a href="#">Safety Products and Solutions</a> and <a href="#">Product Safety and Quality</a>
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Material items would be disclosed in our <a href="#">2023 Annual Report on Form 10-K</a> for the fiscal year ended December 31, 2023.

# Grainger and The Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) of the United Nations form part of the 2030 Agenda for Sustainable Development, which serves as a call to action and a global blueprint for all governments, businesses and civil society organizations striving toward peace and prosperity for humanity and the planet. The 17 SDGs outline the

strategies needed to reduce global inequality, improve health and education, bolster economic development, preserve the natural world, and fight climate change. Grainger has identified eight of the 17 goals where our business can make the greatest impact.

SDG	SDG TARGET	GRAINGER ALIGNMENT
<p><b>4 QUALITY EDUCATION</b></p> <p><b>Quality Education</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> <li>▪ <b>Target 4.1:</b> By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</li> <li>▪ <b>Target 4.3:</b> By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</li> <li>▪ <b>Target 4.4:</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</li> </ul>	<p><a href="#">Making an Impact Where We Work and Live</a></p> <ul style="list-style-type: none"> <li>▪ Grainger’s community strategy pillars: “Advancing the Emerging Workforce” <a href="#">page 16</a> and “Empower Our Communities”, <a href="#">page 17</a></li> </ul>
<p><b>5 GENDER EQUALITY</b></p> <p><b>Gender Equality</b> Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> <li>▪ <b>Target 5.1:</b> End all forms of discrimination against all women and girls everywhere</li> <li>▪ <b>Target 5.5:</b> Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</li> </ul>	<p><a href="#">Diversity, Equity and Inclusion</a></p> <ul style="list-style-type: none"> <li>▪ Diversity data and reporting, <a href="#">page 27</a></li> <li>▪ Selecting candidate slates representing diverse backgrounds and experiences</li> <li>▪ Leveraging technology to ensure our job descriptions are free from bias</li> <li>▪ Engaging outside firms to review our pay to ensure equity</li> <li>▪ Providing data to leaders to ensure they understand the makeup of their teams</li> <li>▪ Self-identification for gender identity</li> <li>▪ Offering DEI resources and training throughout the business to remove bias and prevent discrimination in hiring</li> <li>▪ Women’s Business Resource Group</li> </ul> <p><a href="#">Diversity Solutions</a></p>
<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> <p><b>Decent Work and Economic Growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>▪ <b>Target 8.4:</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead</li> <li>▪ <b>Target 8.5:</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</li> <li>▪ <b>Target 8.7:</b> Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms</li> <li>▪ <b>Target 8.8:</b> Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</li> </ul>	<p><b>Grainger’s Policies &amp; Principles:</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Business Conduct Guidelines</a></li> <li>▪ <a href="#">Global Environmental, Health and Safety Policy</a></li> <li>▪ <a href="#">Human Rights Principles</a></li> <li>▪ <a href="#">Supplier Code of Ethics</a></li> <li>▪ <a href="#">Conflict Minerals Policy</a></li> </ul> <p><a href="#">Customer Sustainability Solutions</a></p> <p><a href="#">Energy and Emissions</a></p> <p><a href="#">Operating Sustainably</a></p> <p><a href="#">Diversity Solutions</a></p> <p><a href="#">Diversity, Equity and Inclusion</a></p> <p><a href="#">Workplace Safety</a></p>

# Grainger and The Sustainable Development Goals (SDGs) (CONTINUED)



## Industry, Innovation, and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- **Target 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- **Target 9.2:** Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries
- **Target 9.4:** Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- **Target 9.5:** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per one million people and public and private research and development spending

[Operating Sustainably](#)

[Energy and Emissions](#)

### Other

- Climate-related scenario analysis of operations: please see our most recent [CDP response on GraingerESG.com](#)
- [Customer Sustainability Solutions](#)
- [Making an Impact Where We Work and Live](#)



## Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient, and sustainable

- **Target 11.5:** By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
- **Target 11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and solid waste management
- **Target 11.B:** By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels

[Making an Impact Where We Work and Live](#)

[Operating Sustainably](#)

[Energy and Emissions](#)

Climate risk management and GHG emissions reductions:

please see most recent [CDP response on GraingerESG.com](#)



## Responsible Consumption and Production

Ensure Sustainable consumption and production patterns

- **Target 12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- **Target 12.6:** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

[Operating Sustainably](#)

[Customer Sustainability Solutions](#)

[Energy and Emissions](#)

# Grainger and The Sustainable Development Goals (SDGs) (CONTINUED)



## Climate Action

Take urgent action to combat climate change and its impacts

- **Target 13.1:** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

[Energy and Emissions](#)

[Customer Sustainability Solutions](#)



## Life on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss

- **Target 15.1:** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- **Target 15.5:** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

[Operating Sustainably](#)

[Customer Sustainability Solutions](#)

[Supplier Code of Ethics](#)

[Global Environmental, Health and Safety Policy](#)

# Emissions Reporting: Assurance



## VERIFICATION OPINION DECLARATION GREENHOUSE GAS EMISSIONS

To: The Stakeholders of W. W. Grainger, Inc.

Apex Companies LLC, (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by W. W. Grainger, Inc. (Grainger) for the period stated below. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Grainger. Grainger is responsible for the preparation and fair presentation of the GHG emissions statement in accordance with the criteria. Apex's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG emissions statement based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

**Boundaries of the reporting company GHG emissions covered by the verification:**

- Operational Control
- Worldwide

**Types of GHGs:** CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, and HFCs

**GHG Emissions Statement:**

- **Scope 1:** 29,848 metric tons of CO<sub>2</sub> equivalent
- **Scope 2 (Location-Based):** 65,737 metric tons of CO<sub>2</sub> equivalent
- **Scope 2 (Market-Based):** 56,073 metric tons of CO<sub>2</sub> equivalent

Data and information supporting the Scope 1 and Scope 2 GHG emissions statement were primarily historical in nature but were in some cases estimated.

**Period covered by GHG emissions verification:**

- January 1, 2023 to December 31, 2023

**Criteria against which verification was conducted:**

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2)

**Reference Standard:**

- ISO 14064-3 Second Edition 2019-04: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas statements

**Level of Assurance and Qualifications:**

- Limited
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators.

**GHG Verification Methodology:**

Evidence-gathering procedures included but were not limited to:

- Interviews with relevant personnel of Grainger;

# Emissions Reporting: Assurance (CONTINUED)



Page 2

- Review of documentary evidence produced by Grainger;
- Review of Grainger data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of sample of data used by Grainger to determine GHG emissions.

**Verification Opinion:**

Based on the process and procedures conducted, there is no evidence that the GHG emissions statement shown above:

- is not materially correct and is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2).

It is our opinion that Grainger has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

**Statement of independence, impartiality and competence**

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with Grainger, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

**Attestation:**

Handwritten signature of Jessica Jacobs in blue ink.

Jessica Jacobs, Lead Verifier  
ESG Senior Project Manager  
Apex Companies, LLC  
Cincinnati, Ohio

Handwritten signature of David Reilly in blue ink.

David Reilly, Technical Reviewer  
ESG - Principal Consultant  
Apex Companies, LLC  
Santa Ana, California

May 9<sup>th</sup>, 2024

*This verification opinion declaration, including the opinion expressed herein, is provided to Grainger and is solely for the benefit of Grainger in accordance with the terms of our agreement. We consent to the release of this declaration by you to the public or other organizations but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this declaration.*

## Emissions Reporting: Accompanying Disclosures

Grainger's Scope 1 & Scope 2 emissions are reported in CO<sub>2</sub>e and are substantially comprised of CO<sub>2</sub>. Beyond CO<sub>2</sub> emissions, other greenhouse gas types within Grainger's Scope 1 & Scope 2 emissions are immaterial.

In alignment with the Greenhouse Gas Protocol Corporate Standard requirement, Grainger applies a significance threshold of 5% of the base year's total Scope 1 & 2 emissions to trigger a baseline recalculation.

	<b>BASE YEAR 2018</b>	<b>2023</b>
<b>Scope 1</b>	37,000	30,000
<b>Scope 2 market-based</b>	87,000	56,000
<b>Scope 2 location-based</b>	91,000	66,000
<b>Scope 1 &amp; Scope 2 market-based</b>	124,000	86,000



# 2024 Environmental, Social and Governance Report

For our most up-to-date news, visit [GraingerESG.com](https://GraingerESG.com).

We welcome your feedback at [GraingerESG@grainger.com](mailto:GraingerESG@grainger.com).

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