

Grainger Group's UK Tax Strategy

Issue date: 1 December 2019

This strategy has been published in accordance with Schedule 19 of the Finance Act 2016 and applies from the date of issue until it is superseded.

The goal of the Grainger tax policy and strategy is to add value to our business with responsible tax planning, mitigate risk and comply with the laws and regulations in the jurisdictions where Grainger operates.

Introduction

W.W.Grainger, Inc. and subsidiaries are broad line distributors of maintenance, repair and operation supplies and other related products and services.

This tax strategy applies to all UK entities within the W.W.Grainger, Inc. group ("the Grainger UK group") for the financial year ended 31 December 2019. A list of entities to which it applies is set out below.

Our tax strategy reflects our status as being part of a US Listed group which requires strong governance and consideration of our reputation, while delivering returns to our shareholders.

1. Tax risk management

The Grainger UK group is committed to complying with all applicable tax laws.

The Grainger UK group assesses tax risk and makes tax decisions with regard to compliance with tax laws and regulations as well as its reputation, integrity and status as subsidiaries of a publicly traded US corporation.

As part of our wider internal control framework, the Grainger UK group identifies, assesses and manages tax risks. We implement risk management measures including controls over compliance processes and monitor their effectiveness.

The Grainger UK group complies with Senior Accounting Officer requirements and continuously monitors its tax governance and tax accounting position.

2. Tax planning

The Grainger UK group engages in appropriate tax planning that supports our business and reflects commercial and economic activity. Where it is responsible and appropriate to do so, the Grainger UK group will apply available tax incentives and reliefs implemented by governments. The Grainger UK group does not engage in artificial tax arrangements.

External specialist advice will be sought to support a tax position or assess tax risk where it is considered appropriate, giving regard to the quantum of tax, complexity of the relevant legislation and the commercial arrangements and circumstances of the issue.

3. Relationships with Her Majesty's Revenue & Customs ('HMRC')

The Grainger UK group seeks to develop and maintain professional relationships with HMRC that are constructive and co-operative. Where applicable, the Grainger UK group works collaboratively with HMRC including the resolution of disputes to achieve early agreement and certainty.

We ensure that there is access to relevant information upon HMRC's request.

4. Tax governance

Ultimate responsibility for the implementation of the Grainger group's UK tax strategy and compliance rests with the Chief Financial Officer of each Grainger UK group entity.

The Tax Department designs and monitors the Grainger UK group's approach to tax including the monitoring, managing, and where appropriate, the escalation of tax risks to the Chief Financial Officer.

The Vice President of Taxes, Vice President/President of the Grainger UK group entities and the Chief Financial Officer of each Grainger UK group entities approve the tax strategy.

List of entities covered by this Tax Strategy

- Apex industrial Limited
- Bogle and Timms Limited
- CJ Bent & Son Limited
- Cromwell Bearings and Transmissions Services Limited
- Cromwell Group (Holdings) Limited
- Cromwell Group (International) Limited
- Cromwell Logistics Limited
- Cromwell Siddle (Grimsby) Limited
- Cromwell Tools (Norwich) Limited
- Cromwell Tools (Rochester) Limited
- Cromwell Tools Limited
- East Midlands Property Development Limited
- Industrial Supply Alliance Limited
- Norwell Engineering Limited
- Technical Tooling Limited
- The Kennedy Group Limited
- Turners (Ironmongers) Limited
- Merlin Business Software Limited
- Fabory UK Holdings Ltd
- Fabory UK Ltd
- Grainger Global Online Business Ltd
- GWW UK Holdings Ltd