

**W.W. GRAINGER, INC.**

**BUSINESS CONDUCT GUIDELINES**

**July 2019**

To All Team Members:

Our Grainger team is more than 24,000 people strong. Each day we come together with our diverse experiences and perspectives to help keep people around the world working and safe. While we may have different jobs, we expect team members to do the right thing in all situations. This means we are all committed to achieving our mission with the highest ethics and integrity in and outside of our industry. It also means that we can create value for our customers, gain share versus competitors and achieve our financial goals while making the right choices. In fact, doing the right thing ensures that our success is sustainable. Our commitment to doing our jobs with integrity is unwavering.

Our Business Conduct Guidelines help each of us, no matter where we work. Each year, we each pledge to read, understand and stay true to the Guidelines—it's one of the most important things we can do to strengthen our culture and our company. While no guideline can cover every situation we face, we are charged with making sound, principled decisions, and we're expected to seek out support when we need help.

Thank you for committing to our Guidelines and for upholding the high standards that have shaped our company for nearly 100 years.

DG Macpherson  
Chairman of the Board and Chief Executive Officer

## OUR BUSINESS CONDUCT GUIDELINES AND YOUR COMMITMENT

Operating with the highest standards of ethics and integrity defines Grainger's strong culture and who we are as a company. Each day, team members strengthen our culture by maintaining our good reputation, complying with all laws and following ethical practices. The Business Conduct Guidelines define our shared expectations of how we work together, serve customers and business partners, and honor our commitments to shareholders everywhere we do business globally. They're essential to maintaining and strengthening our healthy workplace.

Each year, all team members, officers and members of our Board of Directors are required, as a condition of employment, to certify that they read, understand and comply with our Business Conduct Guidelines. This includes following the Guidelines, supporting others to do so, and speaking up when there is a suspected violation. All reports are taken seriously, investigated thoroughly and addressed promptly. Those who violate the guidelines may face serious repercussions, including termination from the company.

There are many resources ready to help you understand the guidelines and to report any concerns. All of the following are available so you can choose those that best fit the situation:

- Your supervisor or manager
- Your Human Resources representative
- The Legal Department
- Environmental Health and Safety
- Security and Loss Prevention
- Anonymous reporting through the company's toll-free and web-based hotlines.

These hotlines are operated by an outside professional resource:

- U.S. Number: 1-888-873-3731
- Global phone numbers are listed at [www.grainger.ethicspoint.com](http://www.grainger.ethicspoint.com)
- Report through the web portal and globally: [www.grainger.ethicspoint.com](http://www.grainger.ethicspoint.com)

Grainger does not tolerate retaliation against any team member for making an inquiry, initiating a complaint, or participating in an investigation. No one who, in good faith, raises an issue or concern will be subject to retaliation. We will maintain anonymity to the extent permitted by law. Any team member who believes that he/she is the subject of such retaliation is expected to report this immediately to the Human Resources Department or the Legal Department.

People leaders play a pivotal role in reinforcing our ethical and inclusive culture by supporting the Business Conduct Guidelines. Leaders must hear team member concerns, maintain confidentiality and take appropriate action with their Human Resources partner.

## **SECTION 1—WORKING TOGETHER: TREATING EACH OTHER WITH RESPECT AND KEEPING EACH OTHER, OUR CUSTOMERS, SUPPLIERS AND VISITORS SAFE**

### **DIVERSITY AND INCLUSION**

Having a workplace where we can openly share ideas to ensure we're doing what's best for our customers and our fellow team members is critical to our success. Every team member plays an important role in protecting Grainger's healthy culture that respectfully challenges ideas and encourages and values different experiences. We are committed to fostering a culture of inclusion and diversity where all team members feel safe, valued and encouraged to voice their opinions, regardless of sex, gender, race, color, religion, national origin, age, disability, veteran status, sexual orientation, gender expression or experiences. We expect every team member to treat each other with dignity and respect.

### **WORKPLACE BEHAVIOR – FREEDOM FROM HARASSMENT AND DISCRIMINATION**

We are all responsible for creating and maintaining a productive work environment free from any kind of inappropriate conduct, harassment or bullying. We expect each team member to treat each other with respect and we do not tolerate harassment or discrimination in any form.

Harassment and discrimination can take many forms, including conduct that can lead to interfering with our work, diminishing a team member's dignity or creating an intimidating, hostile or offensive work environment. Any type of harassment, including physical, sexual, verbal or other, is prohibited and can result in disciplinary actions up to and including termination, subject to applicable law.

### **WORKPLACE SAFETY**

Our company is committed to providing a workplace that is safe and secure. Each of us helps meet that commitment by complying with relevant health and safety laws, and company policies that are designed to maintain a safe workplace. We have a zero-tolerance policy when it comes to acts or threats of violence. Be alert on what is going on around you, observe good security practices and speak up about any threats of potential violence.

- **Safe Behavior**

All team members have the responsibility to perform their jobs in a safe manner, and to follow company policies, business unit procedures and laws relevant for the environmental, health and safety of the business. Any condition or work practice that may result in personal injury and illness, and/or damage to property, must to be reported immediately to appropriate management.

- **Substance Abuse – Alcohol and Drugs**

Team members are expected to perform their jobs alcohol and drug free. Being in possession of or working under the influence of drugs or alcohol can create a safety hazard and affect your judgment and performance.

We recognize that on occasion, alcohol may be provided at a company-sponsored event or with a business meal. You should ensure that your consumption of alcohol does not impair your performance and judgment.

- **Weapons**

Weapons of any kind or nature are prohibited in any company facility or at any company-sponsored event, and they may not be brought into any customer or vendor's facility or place of business.

## **OUR ENVIRONMENT**

We work to improve our environmental performance across our entire value chain from our suppliers through our operations and to our customers. Team members are expected to be good stewards of the environment. More information about how team members can help the company's sustainability efforts can be found at [Graingercsr.com](http://Graingercsr.com).

## **POLITICAL ACTIVITIES**

We respect and encourage all team members as individuals to engage in the political process. However, all political activities must be kept separate from your work responsibilities. No company assets can be used to support your personal political activities or to make any contributions to political parties, candidates or campaigns. If you engage in political activities, do this on your own time and use your own resources to avoid any impression that you are representing Grainger or acting on the company's behalf.

## **SECTION 2—CUSTOMERS AND BUSINESS PARTNERS: INTEGRITY IN ALL WE DO**

### **BE HONEST AND FAIR IN ALL BUSINESS DEALINGS**

We are all required to be honest and fair in dealings with our customers, suppliers, fellow team members, the company, competitors and other members of the business community. This means ensuring that our behavior reflects our company's standards for ethics and integrity and that our actions are in the company's interests.

### **AVOID CONFLICTS OF INTEREST**

All team members are expected to always make decisions based on sound business judgment and in the best interest of Grainger. A conflict of interest can exist when a personal interest, relationship or opportunity for personal gain interferes with your duties and responsibilities to the company. This includes offering gifts that compromise the business judgement of others or accepting gifts that can influence your professional objectivity. Simply put, you must not use your position or the company for your own personal benefit. Here are some questions to ask:

- Does it interfere with the work I do for the company?
- Am I using company resources, relationships or assets for my own personal gain?
- Could it appear to be a conflict of interest to someone else?
- Does it compete with the company's interests?

### **ANTI-CORRUPTION, IMPROPER PAYMENTS AND BRIBES**

Grainger is committed to honest and fair business practices that are consistent with the highest ethical and legal standards. Team members are prohibited from offering, providing, receiving or accepting bribes or anything of value to gain business, establish business relationships, influence decisions in the company's favor or for any other reason. Team members must also avoid customary practices that could create the appearance of a bribe. The simple rule is do not offer, pay, receive or accept a bribe to anyone, anytime, anywhere.

Our company is committed to compliance with all applicable laws and regulations including but not limited to, the U.S. Foreign Corrupt Practice Act ("FCPA"), the UK Bribery Act, and other laws and regulations that relate to corruption, bribery, money laundering, or support for terrorism.

All team members involved in international transactions must consult the trade compliance policies for proper guidance on all import and export transactions and follow the international trade and export control laws. Country prohibitions, boycotts and embargoes, denied parties and restricted goods requirements must be followed before engaging in international transactions.

## **COMPETITION AND ANTITRUST**

We do not take any action that would prevent or inhibit fair and open competition. Treating our customers, suppliers and competitors fairly is the way Grainger does business. To ensure that we comply with fair competition laws that promote competition in a free market:

- Do not discuss Grainger's business with competitors which includes:
  - Economic terms
  - Pricing
  - Market plans
- Do not enter agreements with competitors that include:
  - Arrangements to fix prices
  - Arrangements to fix territories or divide customers
  - Arrangements to prevent other competitors from entering the market
- Do not make false or misleading statements or comments about our competitors or their products or services.
- Make sure all statements are accurate and complete.

## **CONDUCTING BUSINESS WITH GOVERNMENT, HEALTHCARE AND EDUCATION-BASED CUSTOMERS**

Grainger values its federal, state, local government, healthcare and education-based customers. Serving these customers is a public trust and involves a variety of procurement and ethics laws and regulations. Our company conducts business with these customers in strict compliance with these requirements. In addition, we will never take any action that would create even the appearance of a conflict of interest.

Our company strictly prohibits giving any gifts or gratuities to any government, healthcare or education customer. If you serve any of these customers, you are expected to know and follow all procurement and ethics laws and regulations in all countries where we operate. In addition, all U.S. team members who work with these customers are expected to know and follow Grainger's Code of Ethics for Doing Business with Government, Healthcare and Education-based Customers. Any questions or concerns should be raised with the Legal Department.

## **DATA PRIVACY, CONFIDENTIAL INFORMATION AND TRADE SECRETS** **Safeguarding Confidential Material, Personal Information and Trade Secrets**

Grainger recognizes the importance of team member, customer and supplier personally identifiable information (PII) that we collect during normal business activities. PII helps us fulfill orders, provide benefits, and better serve our customers, team members and others. We are committed to taking steps to protect PII from unauthorized access, use or disclosure by following globally recognized privacy principles and building privacy and data protection standards into our systems and processes. You play a key role in keeping this data safe and Grainger provides training for all team members involved in

accessing or managing PII. Grainger's Privacy and Information Security and Protection policies, as well as our Privacy Principles, provide the information you need to collect, use, share, store and destroy PII in an appropriate manner.

We all have an obligation to ensure that the company's confidential information and trade secrets are properly protected. Team members must maintain the security and secrecy of the information entrusted to them by the company, its customers, suppliers or others. Confidential information and trade secrets include all non-public information that, if disclosed, might be of use to competitors, or the disclosure of which might be harmful to the company, including but not limited to pricing strategies, corporate strategic and marketing plans, customer information and lists, team member records, supplier and logistics information, databases, software and all proprietary information and data.

All team members are required to protect all company information and assets.

Precautions include:

- Follow company processes and only access systems for which you are authorized to ensure you are not inadvertently putting the company at risk.
- Do not discuss company business in public places and where you could be overheard.
- Ensure you are always in personal possession of your company-issued electronic devices and that your passwords are complex, changed frequently, and limited to work systems.
- Do not transfer Grainger information from protected company systems to USB or portable hard drives or to personal online file sharing services.
- Immediately report any loss or compromise of company systems or confidential information.

Contact the Privacy Office, Information Security, or Legal Department if you have questions regarding disclosure of information.

## **EXTERNAL COMMUNICATIONS AND SOCIAL MEDIA**

Since its founding, Grainger has worked to build a strong and respected reputation. To protect our reputation and ensure we are speaking with one voice, all team members must be approved by Corporate Communications and Public Affairs to speak on behalf of the company. This includes media interviews, speaking engagements, social media as well as authoring articles, videos or podcasts.

Team members are encouraged to share and repost public information approved by the company on social media. We all have a responsibility to be respectful and ensure our statements don't negatively impact the company. Helpful tips:

- Do not post proprietary or confidential information.
- While you are always welcome to engage in productive discussions of employee-related topics such as the terms and conditions of employment, or otherwise participating in activity protected by the National Labor Relations Act or other

employment and labor laws, ensure posts that express your personal opinion are not used to represent that of the company.

- Do not use social media or post anything that would harass, intimidate or threaten another team member, their family or violate the company's Equal Employment Opportunity Policy, Workplace Behavior Policy or Workplace Violence Prevention Policy.
- Refer to Grainger's Social Media Policy and contact the Communications and Public Affairs team with any questions.

If you become aware of an actual or potential conflict with our goal of having integrity in all we do, you have the obligation to immediately disclose it through one of our many reporting channels.

## **SECTION 3—OUR COMMITMENT TO SHAREHOLDERS: ENSURING FINANCIAL PRACTICES ARE SOUND**

### **FINANCIAL RECORDS**

Accurate financial records are required to provide relevant, reliable and timely information to support the company's business decisions. Accurate financial records also are critical for demonstrating the company's compliance with both internal and external reporting requirements. All financial records must be complete, accurate, up-to-date and managed through a robust system of internal controls. This includes not only financial statements, but also such data as sales and purchasing records, inventory management records, business metrics, performance-related records, travel and expense records and worktime reporting among many others.

### **TRADING STOCK**

It is illegal to trade stock if you have "material non-public information" or to share any of this information with others who may trade including family, friends, colleagues, neighbors, among others. Insider or material, non-public information can include:

- Non-public financial information
- Expectations of substantially higher or lower earnings
- Significant cybersecurity breach or incident
- Actual or threatened significant litigation or inquiry by a governmental or regulatory authority
- New business model, markets or strategies
- Proposed business acquisitions, dispositions, joint ventures or mergers
- Changes in key team members

The company prohibits anyone from trading in derivatives (e.g. puts, calls, options) and engaging in short sales, or hedging or monetizing transactions (e.g. collars, exchange funds) that are linked to Grainger stock. If you are considering selling, purchasing or exercising company stock or derivatives and have questions, please contact the Legal Department.

### **WAIVERS OF GUIDELINES**

Any waiver of these guidelines for executive officers or directors may be made only by the company's Board of Directors or a Board committee authorized by it to grant waivers and any waiver will be promptly disclosed as required by law or stock exchange rules. If a question about a potential waiver arises for any other person subject to these guidelines, the General Counsel and Chief Compliance Officer will consider and resolve the question.