



Conflict Minerals Policy Statement

Introduction

As many of our suppliers and customers have acknowledged publicly, the Dodd-Frank Act¹ created a new expectation for product manufacturers, which may be far removed from the source of the raw minerals in their products.

Grainger distributes hundreds of thousands of branded and private label products that are manufactured by thousands of other companies located around the world.

Grainger is committed to acting in a socially and environmentally responsible manner, to complying with the law, to meeting its customer commitments, and to supporting its customers' businesses.

Because of the complexity of many supply chains, especially those of broad-line industrial distributors like Grainger, and the lack of an established system for product manufacturers to track Conflict Minerals back to their source, the joint efforts over an extended period by many governments, industry groups, and companies will be required to make it possible to effectively trace Conflict Minerals back to their source.

This document sets forth the policy of Grainger regarding Conflict Minerals.

Overview

As a responsible company, Grainger supports the goal of the Dodd-Frank Act of preventing armed groups in the Democratic Republic of the Congo and adjoining countries from benefitting from the sourcing of Conflict Minerals from that region.

As an industrial supply distributor of hundreds of thousands of branded and private label products manufactured by thousands of other companies located around the world, Grainger is invariably many levels away from the beginning of the supply chain for the products it distributes.

This Policy shows Grainger's commitment and its expectations for its product suppliers regarding actions to address Conflict Minerals.

¹ On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law. The Dodd-Frank Act and related 2012 U.S. Securities and Exchange Commission rules require certain companies to disclose whether the products they manufacture or contract to manufacture contain Conflict Minerals necessary for the production or the functionality of the products that are sourced from mines in the Democratic Republic of the Congo or adjoining countries. Conflict Minerals are tantalum, tin, tungsten and gold.



OUR COMMITMENT:

1. Support the aims and objectives of the Dodd-Frank Act concerning Conflict Minerals sourcing by working to educate the manufacturers of the products we distribute about Conflict Minerals.
2. Help our suppliers understand the due diligence steps they can take to investigate the source of any Conflict Minerals in the products they sell to Grainger.
3. Not continue to source from a supplier any product that contains Conflict Minerals if Grainger determines the product is not DRC Conflict Free and the supplier fails to implement reasonable steps to transition to DRC Conflict Free sources.²

Commitment to Responsible Sourcing

Grainger distributes hundreds of thousands of branded and private label products that are manufactured by thousands of other companies located around the world.

Grainger supports the humanitarian goals of the Dodd-Frank Act and encourages the manufacturers of the products distributed by Grainger to adopt that same policy for their businesses.

As a distributor of products manufactured by other companies, Grainger does not directly purchase any raw Conflict Minerals from any source and is many levels removed from the mines, smelters, and refiners that produce the metals used in the products manufactured by Grainger's suppliers.

The supply chain for Conflict Minerals is complex and lacks an established structure for product manufacturers to trace the minerals in the finished goods distributed by Grainger back to their source.

Grainger is committed to working with its suppliers to educate them on these matters and concerning steps they can take to obtain increased transparency regarding the origin of minerals contained in the products they manufacture and sell to Grainger.

Supplier Code

Grainger has the following expectations of its suppliers:

- Suppliers should not include in any products sold to Grainger any Conflict Minerals that are not DRC Conflict Free;
- Suppliers should develop Conflict Minerals policies, due diligence frameworks, and management systems that are designed to prevent Conflict Minerals that are not DRC Conflict Free from being included in the products sold to Grainger; and
- Grainger's suppliers are expected to source Conflict Minerals only from sources that are DRC Conflict Free.

² Products are "DRC Conflict Free" if they contain only Conflict Minerals that did not originate in the DRC or an adjoining country, are from recycled or scrap sources, or have not benefitted the armed groups identified as perpetrators of the abuses that are the subject of the Dodd-Frank Act.



In doing so, suppliers will be expected to:

- implement and communicate to their personnel and suppliers policies that are consistent with this Policy, and require their direct and indirect suppliers to do the same;
- put in place procedures for the traceability of Conflict Minerals, working with their direct and indirect suppliers as applicable;
- use reasonable efforts to source Conflict Minerals from smelters and refiners validated as being DRC Conflict Free, and require their direct and indirect suppliers to do the same;
- advise Grainger of any determination that the supplier either has concluded or has a reasonable basis to believe that products it currently sells or has sold to Grainger are not DRC Conflict Free;
- maintain reviewable business records supporting the source of Conflict Minerals; and
- from time to time, at Grainger's request, provide Grainger with information concerning the origin of Conflict Minerals included in products sold to Grainger, which Grainger shall be entitled to use or disclose in satisfying any legal or regulatory requirements or in any customer or marketing communications, notwithstanding the terms of any confidentiality agreements that do not specifically reference this paragraph.

Suppliers also are encouraged to support industry efforts to enhance traceability and responsible practices in Conflict Minerals supply chains.

Consequences of Supplier Non-Compliance

Grainger evaluates its relationships with its suppliers on an ongoing basis.

Grainger reserves the right to evaluate the extent to which a supplier has failed to reasonably comply with this Policy.

Grainger reserves the right to request additional documentation from its suppliers regarding the origin of any Conflict Minerals included in any products sold to Grainger.

Suppliers who do not reasonably comply with this Policy shall be reviewed by Grainger's supply chain organization for future business.

In the event Grainger determines that a supplier's efforts to comply with this Policy have been deficient and the supplier fails to cooperate in developing and implementing reasonable remedial steps, Grainger reserves the right to take appropriate actions up to and including discontinuing purchases from the supplier.

Nothing in this Policy is intended to in any way grant any additional rights or expectations to a Grainger supplier or in any way modify or otherwise limit in any way any of Grainger's contractual or legal rights.



Grievance Mechanism and Reporting

Our employees, suppliers and other parties can report concerns and alleged violations of this Policy as follows:

- (i) **Write us at Grainger:** W.W. Grainger Inc., Attn: Conflict Minerals Team, 100 Grainger Parkway, Lake Forest, IL 60045
- (ii) **Email us at:** conflictminerals@grainger.com; or
- (iii) **Call us at:** 1-888-873-3731.

Reports can be made anonymously and will be kept confidential to the fullest extent practicable and allowed by law.

We will not take any retaliatory action against our employees, suppliers, or other parties who make a report in good faith.

Our suppliers are encouraged to contact conflictminerals@grainger.com if they wish to seek guidance on the application of this Policy.

Conclusion

Grainger fully understands the importance of this issue to its customers and is committed to supply chain initiatives and overall corporate social responsibility and sustainability efforts that work towards a DRC Conflict Free supply chain. We encourage all of our suppliers to likewise support these efforts.