



2016

CORPORATE SOCIAL RESPONSIBILITY REPORT



Message from Leadership



In my 35 years in this industry, I've never been more proud of Grainger and its team members. As a business, we are evolving with the marketplace, while remaining true to the high standards our founder instilled nearly 90 years ago."

This year marks Grainger's fourth annual Corporate Social Responsibility (CSR) report. Each year, we strive for the report to reflect our long-standing commitment to operating with integrity, while also illustrating our continued progress in areas such as environmental sustainability and ethical sourcing. We know stakeholders are increasingly interested in a company's CSR practices, and we're proud to provide this holistic review of our business practices and stewardship initiatives.

This year's report includes information about Grainger's operating standards and governance policies, as well as performance data that demonstrates our commitment to providing team members a safe, healthy workplace. It also offers an update on the growth and impact of our philanthropic programs and examples of how we are incorporating sustainability into the way we run our business.

In my 35 years in this industry, I've never been more proud of Grainger and its team members. As a business, we are evolving with the marketplace, while remaining true to the high standards our founder instilled nearly 90 years ago. We are staying focused on serving our customers while pushing ourselves to continually improve and innovate for the future.

The true test of a company's values is the action it takes. At Grainger, we are committed to operating in a way that continues to earn the trust and respect of our customers, team members and communities.

Sincerely,

JAMES T. RYAN
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
W.W. GRAINGER, INC.



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About This Report

While Grainger's CSR commitments are global, this report is primarily focused on the company's operations in North America. These operations currently represent the majority of Grainger's business based on percentage of revenue, scope of operations and number of employees. Where applicable, the specific geography is noted in the relevant footnotes to that data.

Grainger seeks assurance of its greenhouse gas emissions, energy consumption, waste generation and water consumption data from Bureau Veritas, an independent third party. Grainger's Environmental Health and Safety reporting process was validated by Environ International Corporation in 2014.



Operating Responsibly

Professionalism and integrity are the foundation of Grainger's culture, and the company holds itself to the highest standards of corporate governance and business ethics.

CORPORATE GOVERNANCE

Grainger believes that corporate governance is an important component of a company's overall performance. The company's corporate governance policies are publicly available and designed to strengthen the ability of the Board of Directors to monitor and provide counsel to management, thereby helping to ensure long-term shareholder value. Grainger regularly reviews, evaluates and modifies its corporate governance program to ensure the company exemplifies high ethical standards.

BUSINESS PRACTICES

Grainger's focus on operating responsibly is supported by a detailed set of business policies, procedures and practices. The summary below includes key highlights of Grainger's commitment to ethical business practices.

Business Conduct Guidelines

Grainger requires all team members and contractors around the world to demonstrate their personal commitment to the company's high operating standards by annually renewing their responsibility to uphold the [Business Conduct Guidelines](#). Team members also complete training to fully understand the expectation of legal and ethical behaviors defined by the Business Conduct Guidelines.

Anti-Corruption

In conjunction with the Business Conduct Guidelines, Grainger's Anti-Corruption Policy reinforces that all forms of bribery, corruption and money laundering are unacceptable. Grainger team members in certain roles are required to complete regular Anti-Corruption and Bribery training to reinforce the requirements of this policy.

Ethics Hotline

Grainger engages a third party for anyone (both inside and outside the company) to report ethical concerns or complaints regarding company practices. Those within North America can call a secure, 24-hour hotline at 888-873-3731. A global website is also available at www.tnwgrc.com/granger. The company takes all reports seriously and does not tolerate retaliation against team members or others for asking questions or voicing legal or ethical concerns in good faith.



Grainger's governance policies are publicly available on its [Investor Relations site](#). These include:

[Corporate Governance Fact Sheet](#)

[Compensation Practices Fact Sheet](#)

[Business Conduct Guidelines](#)

[Human Rights Principles](#)

[Conflict Minerals Policy](#)

[Supplier Code of Ethics](#)

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



Human Rights Principles

Grainger's [Human Rights Principles](#) reflect the company's philosophy on how it will conduct business on a global basis, including the company's commitment to providing a safe and fair workplace that upholds and respects international human rights standards.

Gift Policy

Grainger's Purchasing Professional Policy states the company's commitment to exercise professional and objective behavior in all business dealings and avoid conflicts of interest. The policy prohibits team members or their family members from accepting gifts from suppliers or prospective suppliers unless the gifts are of purely nominal value (no more than \$25). Grainger team members who routinely interact with suppliers and vendors are required to complete training regarding this policy on a regular basis.

Protecting Personal Information

Grainger respects the privacy of its customers, team members and suppliers and takes safeguarding personal information seriously. In 2015, the company introduced an enhanced corporate Privacy Policy to provide team members and contractors updated standards for handling and protecting personally identifiable information. In conjunction with the policy, the company deployed a team member and contractor data privacy training and certification process to further reinforce how to handle and protect personal information and report potential violations of data privacy.

CORPORATE SOCIAL RESPONSIBILITY GOVERNANCE

Grainger's corporate social responsibility efforts are led by a cross-functional working group with oversight by the CEO and the executive leadership team. Periodic updates on the company's CSR efforts are provided to the Board of Directors.

“**At Grainger, we strive to be responsible stewards. This means operating with integrity and honoring our commitments to our customers, colleagues and communities. By taking a long-term view, we ensure our actions today will generate a positive impact tomorrow.**”

DG MACPHERSON

CHIEF OPERATING OFFICER

EXECUTIVE SPONSOR OF GRAINGER'S CSR WORKING GROUP





ETHICAL SOURCING

Grainger works with thousands of suppliers to offer more than 1.5 million products used by customers to maintain and repair their facilities and business operations. To help ensure the products Grainger distributes are manufactured and delivered with high ethical standards, the company's [Supplier Code of Ethics](#) focuses on four main areas of ethical sourcing—human rights, labor, the environment and anti-corruption. Additionally, Grainger addresses concerns regarding human rights issues associated with sourcing various minerals from the Democratic Republic of the Congo and adjoining countries through its [Conflict Minerals Policy](#).

As part of Grainger's commitment to ethical sourcing, the company works closely with its suppliers to identify potential opportunities to minimize unnecessary packaging while reducing the risk of damage to the contents of packages. In 2015, the company introduced Supplier Packaging Guidelines to its U.S. and Grainger Global Sourcing suppliers to encourage suppliers to take sustainability into account when making packaging decisions. The guidelines include best practices to help reduce damage and waste while maximizing recyclable materials.

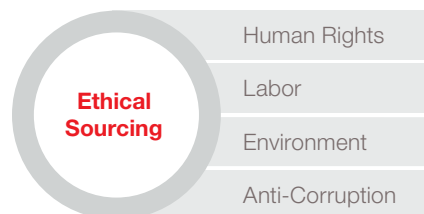
SUPPLIER DIVERSITY

Grainger started its [Supplier Diversity Program](#) in 1999 to assist in growing this sector of the economy while helping customers get their jobs done with quality products made by women, minority, disabled, veteran and LGBT-owned businesses. The program now includes 173 certified suppliers that provide more than 35,000 products to Grainger's offering. Since Grainger began the Supplier Diversity Program, the company has spent more than \$1.1 billion with these suppliers.

Grainger's commitment has expanded to provide resources, informal coaching and ongoing support to help these suppliers succeed and grow. Grainger is a member of the National Minority Supplier Development Council, the Women's Business Enterprise National Council, the National Gay & Lesbian Chamber of Commerce, the U.S. Business Leadership Network, the Canadian Aboriginal and Minority Supplier Council and the Canadian Council for Aboriginal Business. Grainger is also a founding member of the Diverse Manufacturing Supply Chain Alliance, which mentors and develops diverse manufacturers.

Since 2006, Grainger's Distributor Alliance Program has provided customers with an opportunity to support disadvantaged business enterprises while consolidating their maintenance, repair and operating purchases. Through this program, Grainger currently partners with more than 70 member businesses with a range of certifications that include small, diverse, disadvantaged, veteran, service-disabled veteran, minority and women-owned.

Grainger's Ethical Sourcing Platform





SUPPLIER PROFILES



President and CEO Sally Hughes started Caster Connection in 1987, selling chair casters out of the trunk of her car before expanding into wheels, ergonomics and safety. Today, the woman-owned

caster and wheel supplier based in Columbus, Ohio, employs 35 people and serves thousands of automotive, metal fabrication and heavy manufacturing customers across the country. As a Grainger supplier, Caster Connection also helps educate Grainger team members and customers through safety webinars and product demonstrations.

"Working with Grainger has opened new doors, supporting my goal to be the best in the caster industry, no matter my gender. I hope to serve as an example for other minority- and women-owned businesses to push as hard as possible to be at the top of their game."



SALLY HUGHES
PRESIDENT AND CEO
CASTER CONNECTION



Headquartered in Chicago, Skolnik Industries manufactures more than 400 types of steel drums for government and commercial

use. For more than 30 years, the company's Chicago-based manufacturing plant has produced high-quality products that exceed most industry standards. In 2015, Skolnik became the first Grainger supplier to be named as a Certified LGBT Business Enterprise by the National Gay & Lesbian Chamber of Commerce (NGLCC).

"Qualifying as a diverse supplier for Grainger shows that both of our companies value diversity and corporate social responsibility. By working together to promote a business community that embraces diversity, we all benefit by living authentic lives, resulting in greater energy, happiness and success!"



HOWARD SKOLNIK
PRESIDENT AND CEO
SKOLNIK INDUSTRIES

The Economic Impact of Grainger's Supplier Diversity Program



173

BUSINESSES IN THE GRAINGER
SUPPLIER DIVERSITY PROGRAM



35,000

PRODUCTS PROVIDED BY
THESE BUSINESSES TO
GRAINGER'S PRODUCT OFFERING



9,300

INDIVIDUALS EMPLOYED BY
GRAINGER'S U.S. SUPPLIER
DIVERSITY PROGRAM PARTNERS



Valuing Our People

Grainger's purpose is to help professionals keep their operations running and their people safe while creating a company where dedicated, talented people can thrive.

WORKPLACE SAFETY

Grainger is committed to providing a safe work environment and ensuring team members are properly trained in all aspects of their work. The company's [Global Environmental, Health and Safety Policy](#) requires team members to understand and comply with Environmental, Health and Safety (EHS) regulations related to facility safety, personal protection and emergency response.

Grainger's safety program uses behavior-based principles to drive engagement, including frequent safety training and injury prevention initiatives. In 2015, approximately 6,000 team members at Grainger's branches and distribution centers in the U.S. collectively completed nearly 20,000 hours of safety training. Each Grainger U.S. distribution center has a dedicated Area EHS manager who helps ensure operations are safe and effective.

ENVIRONMENTAL HEALTH AND SAFETY MANAGEMENT

Grainger aligns and standardizes safety programs across the company's operations. The company's web-based EHS management system helps turn complex, global compliance requirements into multilingual, actionable processes and identifies safety risks and trends across geographies. The system aligns with the International Organization for Standardization (ISO) 14001 and the Occupational Health and Safety Assessment Series (OHSAS) 18001 requirements. The digitized injury and illness reporting module of the system has been implemented in the company's U.S., Canada and Mexico operations, and the company began implementation in Europe in 2015.

One Million Hours Worked Without a Lost Time Incident

Grainger's focus on safety led the company's distribution center in Kansas City, Missouri, to achieve one million hours worked without a lost time incident in 2015 for the second year in a row. The distribution center's employee-led safety committee demonstrates pre-shift exercises, delivers safety communications and provides safety guidance. Additionally, they provide new hires with a robust safety training orientation during their first week on the job and utilize "bright idea" cards so everyone has an opportunity to make safety recommendations year-round.



At the end of each day, we all have a desire to go home safely to our families, friends and loved ones. We have to make safety a personal goal—not just for ourselves, but for those around us."



DOUG JONES
REGIONAL MANAGER, CENTRAL
ENVIRONMENTAL HEALTH AND SAFETY



GRAINGER U.S. SAFETY PERFORMANCE

Grainger is proud that its U.S. Total Operational Recordable Case Rate is well below the average in the wholesale industry.

	2010	2011	2012	2013	2014	2015
Grainger U.S. Total Operational Recordable Case Rate¹	2.7	2.6	2.3	1.8	1.9	1.6
U.S. Wholesale Industry Average Recordable Case Rate ²	3.4	3.2	3.2	3.1	2.9	2.9³
Grainger U.S. Total Operational Lost Time Case Rate¹	0.6	0.5	0.3	0.4	0.3	0.3
U.S. Wholesale Industry Average Lost Time Case Rate ²	1.1	1.1	1.1	1.0	1.1	1.1³

¹Data includes all recordable injury events and hours worked by U.S.-based hourly team members in Grainger branches and distribution centers.

²Wholesale industry averages are according to the U.S. Bureau of Labor Statistics.

³The 2015 U.S. Wholesale Industry Average Case Rates are based on 2014 data. The U.S. Bureau of Labor Statistics has not yet released a 2015 industry average as of this report's print date.

Safety Partnerships

Grainger is committed to sharing safety resources with customers and other businesses through strategic partnerships and awareness campaigns. Grainger is the National Founding Sponsor of the National Safety Council's Journey to Safety Excellence® campaign, offering measurement tools and easy-to-access resources to help keep an organization's employees safe and healthy. Acklands-Grainger is the National Founding Sponsor of Canada's Safest Employers Award, a nationwide competition to raise awareness about the importance of safety in the workplace.



GRAINGER'S SAFETY SPECIALISTS

Grainger is dedicated to providing customers with high-quality safety products and expertise. Since 2001, the company has expanded its safety specialist team to more than 50 safety professionals. These experts are Occupational Safety and Health Administration (OSHA) 30-Hour General Industry trained and certified as Qualified Safety Sales Professionals (QSSP) to help customers solve safety challenges, provide safety solutions and training, and recommend program standardization strategies.

“What I love most about my job is the satisfaction of knowing I can help keep a company's employees safe. Working with a large, multisite customer, there are so many opportunities to bring my knowledge and expertise to help them keep their employees, customers and suppliers safe.”

MICHELLE STAR
GRAINGER SAFETY SPECIALIST





A GREAT PLACE TO WORK

Team members are proud to work for Grainger. Approximately 40 percent of all Grainger's U.S. hires are recruited through the company's Employee Referral Program, and the average tenure of U.S. team members is approximately nine years, almost double the average tenure of workers nationwide, according to the U.S. Department of Labor.

Grainger hosts an annual employee engagement survey administered by a third party to provide all team members the opportunity to express candid and confidential feedback about their experiences at Grainger. The survey results help guide the company's actions to continuously improve the experience of its team members.

TRAINING AND TALENT DEVELOPMENT

Grainger encourages the professional growth of its team members through formal and informal learning. The company offers 350 training classes as well as informal mentoring and on-the-job development. Through these opportunities, team members can build knowledge for their current roles while developing skills for the future. In total, Grainger team members completed more than 200,000 training hours in 2015.

The cornerstone of Grainger's commitment to learning is its leadership development programs. These multiweek, cross-functional programs provide development for participants in North America, Asia, Europe and Latin America. Offerings include Grainger's Emerging Leader Program, First Time Manager Program and Global Experienced Manager, a program added in 2014 for frontline and mid-level managers. In 2015, 810 Grainger team members participated in these programs.

Launched in 2013, Grainger's Global Talent Excellence Suite hosts core talent management processes, such as mid-year and year-end performance reviews. The system enables team members to work with their leaders to manage individual development plans. Team members can also add their work history and career preferences to help Grainger identify internal talent for key roles and development opportunities.

BENEFITS AND WELLNESS

Grainger's benefits are designed to meet the diverse needs of its team members while supporting their health and well-being, financial future and work-life balance. The company regularly seeks team members' feedback and conducts external benchmarking to ensure the company's compensation and benefits remain competitive in each of the markets where it operates.

Every Grainger business provides variable health coverage, time off and retirement savings in compliance with local laws as well as a variety of health and wellness programs. Program details vary based on geography. The company follows local market practices, which may include additional benefits such as life and accident insurance, dental and vision insurance, disability insurance, paid holidays, product discounts, tuition assistance, parental time off and employee profit sharing.



Workplace Recognition and Awards

- **2015 FORTUNE World's Most Admired Companies:** Grainger earned the top spot on FORTUNE magazine's list of the World's Most Admired Companies in the Wholesalers: Diversified category for the second year in a row.
- **2015 Excellence in Partnership Award for Veterans Hiring Practices:** Grainger was honored by the Coalition for Government Procurement for its efforts in hiring and supporting veterans through enhanced recruitment opportunities and transition support.
- **2015 Corporate Equality Index:** For the second year in a row, Grainger earned a perfect score of 100 on the Corporate Equality Index, highlighting the company as a "Best Place to Work" for lesbian, gay, bisexual and transgender team members. The list, created by the Human Rights Campaign, recognized Grainger for offering full benefits for same-sex domestic spouses and partners and the company's policies prohibiting discrimination based on sexual orientation and gender identity.
- **Mexico's Súper Empresas 2015:** Grainger Mexico has been recognized by CNN Expansión as a top workplace for four years in a row for workplaces with 501 to 3,000 employees.



INCLUSION AND DIVERSITY

Global inclusion and diversity are integral to Grainger's business success, and the company is committed to fostering an inclusive environment in which all team members feel safe, valued and encouraged to voice their opinions regardless of age, gender, race, ethnicity, sexual orientation, veteran status, disabilities or experiences. The company reinforces its commitment to inclusion and diversity by offering courses such as "Inclusion and Diversity: A Business Imperative" and "The Inclusive Team Member," both of which help team members understand the business case for diversity and develop skills to increase inclusion in their work area. Another training class, "The Inclusive Leader," equips Grainger people leaders with tools and knowledge to attract, develop, engage and retain diverse talent.

Approximately 3,500 U.S. team members participate in Grainger's eight Business Resource Groups (BRGs). Every BRG has an executive sponsor who works hands-on with team members to solve enterprise-wide business issues. These employee-led groups foster inclusion and help attract, develop and retain top diverse talent.

In 2015, Grainger's BRGs hosted external industry leaders, celebrated the return of deployed team members from overseas and volunteered in local communities. For example, the African American BRG helped to recruit more than 90 new hires; the Generational BRG offered 116 mentorship opportunities; the Latino BRG helped to create Grainger's Spanish language website and the Women's BRG helped redesign Grainger's parental leave program.

Grainger Business Resource Groups

- Administrative Business Partner BRG
- African American BRG
- Asian Pacific Islander BRG
- Equality Alliance BRG
- Generational BRG
- Latino BRG
- Veterans and Military Supporters BRG
- Women's BRG



Clockwise, from top:

Team members from Grainger's Women's Business Resource Group (BRG) participate in a 5K in support of Girls on the Run; a Grainger banner is front and center during the 2015 Pride Parade in Chicago; members of Grainger's Latino BRG were recognized for their work raising more than \$25,000 for the Latino Student Fund.





Sustaining Our Environment

Grainger is committed to conducting business in an environmentally responsible manner and continually works to reduce energy use and minimize waste in its operations.

CLIMATE CHANGE

Grainger recognizes that climate change is a significant global issue, and the company is taking steps to more effectively manage its energy use and greenhouse gas (GHG) emissions. Grainger has participated in the CDP since 2009 and, in 2012, the company became the first industrial distributor to publicly disclose its carbon footprint. In 2015, the company earned 99 out of 100 in its disclosure score, which is determined by the company's transparency. The company received an A- rating for its performance score, which is a reflection of the company's progress toward reducing GHG emissions. In addition, in 2015 Grainger was recognized on CDP's Climate Disclosure Leadership Index for its strong disclosure score, a recognition given to organizations that score within the top 10 percent of all disclosing companies in the U.S.



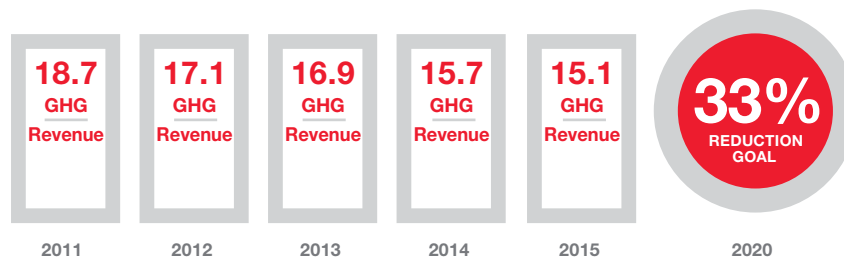
GRAINGER CDP SCORES

	2009	2010	2011	2012	2013	2014	2015
Disclosure Score	42	62	66	73	93	91	99
Performance Score	N/A	C	E	C	B	B	A-

GREENHOUSE GAS EMISSIONS INTENSITY

(Metric tons of CO₂ equivalent/\$1 million revenue)

Grainger has set a target to reduce its North American Scope 1 and Scope 2 GHG emissions per unit revenue by 33 percent from 2011 to 2020.



Data includes Grainger's core business operations in North America.



ENERGY MANAGEMENT STRATEGY

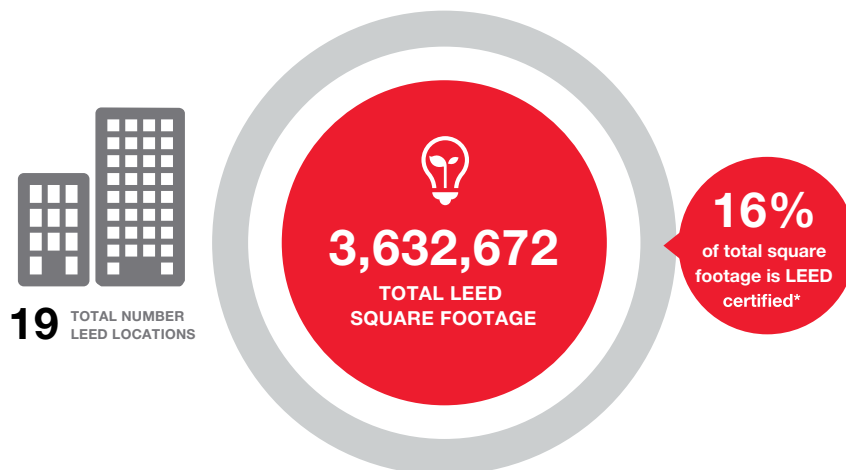
Because company facilities account for more than 90 percent of Grainger's annual energy use in North America, a key focus for the company is improving energy efficiency at its largest buildings, including corporate offices and distribution centers. Of those, 13 Grainger facilities have either been built with or retrofitted to include building management systems that coordinate and manage mechanical and electrical equipment for maximum efficiency and productivity. In 2015, the company upgraded building management systems at two of its office buildings in Illinois. The company's newest distribution center in New Jersey, scheduled to open in 2016, is also being built with a building management system. On average, Grainger has seen a 10 to 15 percent reduction in energy consumption at its distribution centers after installing building management systems.

In addition to building management systems, Grainger continued other energy-saving projects in 2015, such as lighting retrofits and retro-commissioning at key facilities. Grainger also operates four megawatts of solar capacity between its distribution centers in New Jersey and California, which represents approximately 3 percent of Grainger's annual electricity consumption in the U.S.

LEED CERTIFIED FACILITIES



Grainger has been a member of the U.S. Green Building Council since 2007 and remains committed to building Leadership in Energy and Environmental Design (LEED) certified facilities. The company currently operates 19 LEED certified locations, which it estimates use about 10 to 15 percent less energy than similar buildings.



*Grainger's core business operations in North America.

DC Project Lowers Energy Use

In 2015, Grainger upgraded the lighting at its 1 million square-foot distribution center in Kansas City, Missouri, to energy efficient LEDs, improving the work atmosphere for team members and significantly reducing the facility's energy use.

The LEDs are 80 percent more efficient than the previous fixtures, while also offering longer life spans and lower maintenance costs. In addition, occupancy sensors reduce the operating time of each fixture by more than 50 percent. The project is expected to pay for itself in less than four years through projected energy savings and utility rebates.



SUPPLY CHAIN

Grainger relies on a network of third-party carriers for its transportation needs. The company works closely with these providers to continually identify opportunities to maximize efficiency and minimize fuel use. For example, in 2015, the company transferred more than 1 million miles of transportation to rail rather than road, which reduces the GHG emissions of each shipment by approximately 67 percent. The company also redesigned the internal process it uses for shipping replenishment inventory to its branch network, which is expected to reduce Grainger's Scope 3 GHG emissions by more than 500 metric tons annually without affecting service to its customers.

Grainger continues to be the only industrial supplier to be recognized by the U.S. Environmental Protection Agency (USEPA) as a SmartWay® partner. The program provides a forum for the USEPA and businesses to collaborate in order to improve the environmental efficiency of their supply chains by reducing GHG emissions and air pollution.



ENVIRONMENTALLY PREFERABLE PRODUCTS

Grainger's product offering includes more than 50,000 products that help customers maintain sustainable locations through efficient energy management, water conservation, waste reduction and air-quality improvement. These products are classified by maintaining one or more environmentally preferable attributes or third-party certifications such as WaterSense®, ENERGY STAR® or GREENGUARD. These environmentally preferable products are clearly designated on Grainger.com® by a green leaf and totaled more than \$680 million in sales in 2015.



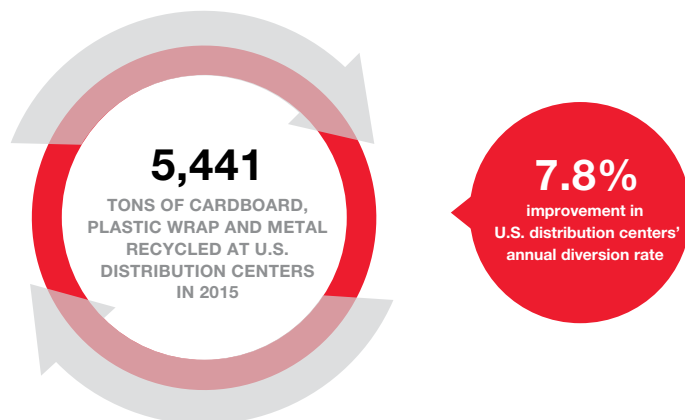
The boxes used by Grainger to distribute products in the U.S. are made of paper products certified by the Sustainable Forestry Initiative and are recyclable.



RECYCLING

By standardizing recycling practices and sharing best practices across its network, Grainger is continually improving the recycling rate in its U.S. distribution centers. Teams are trained to use a color-coded system to separate and bale materials such as cardboard, plastic wrap and metal and are encouraged to share and test ideas for ongoing improvements.

Recycling at U.S. Distribution Centers



WATER

Because Grainger does not directly manufacture the products it sells, the company's water consumption is minimal. However, Grainger does measure its water footprint and looks for opportunities to reduce its usage, such as installing water efficient fixtures and evaluating the landscaping irrigation programs at its largest facilities. Grainger's total water consumption in the U.S., Canada and Mexico in 2015 was 637,171 cubic meters.

GREEN AMBASSADORS

More than 600 Grainger team members volunteer to serve as Green Ambassadors. The group encourages sharing sustainability best practices among Grainger locations and offers opportunities for grassroots involvement. For example, in 2015, the Green Ambassadors helped divert six pallets of electronic waste from landfills by organizing an opportunity for team members at the company's headquarters to recycle unwanted personal electronic items.

As part of their environmental and community efforts, the Grainger Mexico team and their families planted 25 trees at the distribution center in Guadalupe, Nuevo León, and began recycling plastic bottle caps, helping Alianza Anticáncer Infantil to raise money for children's cancer treatments.

Teamwork Drives Recycling Improvement

Grainger's Dallas/Ft. Worth Distribution Center (DFDC) is a consistent leader in recycling rates across the distribution network. In 2015, the team had an annual diversion rate of approximately 92 percent. Their key to success: team effort.

The DFDC's Green Ambassador program started on Earth Day 2013. Ten team members from across the facility now meet weekly on "Trash Talk Tuesdays" to identify opportunities, share ideas and find solutions to recycling issues. As a result, the DFDC has saved more than \$14,000 on trash hauls, reducing the number of pickups by 75 percent per month. What was once a weekly pickup is now monthly.



Our team is focused on minimizing waste in our facility. By sending fewer items to the landfill, we are a better business partner and neighbor."



COLEMAN JOHNS
DC FACILITY MANAGER, DALLAS/FT. WORTH



Serving Our Communities

Grainger's culture of service extends into the local communities where team members live and work. In 2015, Grainger donated \$27 million in cash and product to charitable organizations around the world.

DISASTER PREPAREDNESS AND RESPONSE

Grainger's partnerships, products and people enable the company to provide vital resources to prepare for and respond to disasters. Grainger has donated more than \$16 million in cash and product to the American Red Cross and Canadian Red Cross since 2001. Grainger is also a member of the American Red Cross Annual Disaster Giving Program (ADGP), providing cash and product before disasters strike so the Red Cross can immediately respond to the needs of individuals and families.

In 2015, Grainger donated 11,000 smoke detectors to support the American Red Cross Home Fire Preparedness Campaign. The campaign has a goal of reducing home fire-related injuries and deaths in the U.S. by 25 percent over five years. Since launching the campaign in 2014, the American Red Cross has installed 150,000 smoke alarms and reached more than 500,000 people with fire safety information.

Grainger is the National Founding Sponsor of the Red Cross Ready When the Time Comes® (RWTC) corporate volunteer program in the U.S., and Acklands-Grainger is the National Founding Partner of RWTC in Canada. More than 1,550 Grainger and Acklands-Grainger team members have been trained as RWTC volunteers. Volunteers have helped the Red Cross respond to fires, floods and storms and have also become important preparedness partners, helping the Red Cross with disaster relief product kitting and smoke alarm installations.

Grainger is also the National Launch Sponsor of the American Red Cross Volunteer Connection, an online volunteer management system used to recruit and engage volunteers. Since Volunteer Connection launched in 2013, the Red Cross has processed more than 400,000 volunteer registrations through the site.



In 2015, Grainger teams across the country helped the American Red Cross install smoke alarms and provided families with safety information.



We are very grateful for Grainger's continuing support. The most common disasters that we respond to are home fires. Grainger's remarkable commitment to the Red Cross Home Fire Campaign has been instrumental in assisting individuals and families to prepare for and prevent home fires—and is literally helping us to save lives.”

GALE McGOVERN
PRESIDENT AND CEO
AMERICAN RED CROSS



**American
Red Cross**



SKILLED TRADES

Grainger invests in the future of the skilled trade workforce through its Grainger Tools for Tomorrow® scholarship program. Each year, the company works with the American Association of Community Colleges to offer two scholarships of \$2,000 each at 125 community colleges in the U.S. The scholarships are awarded to students in skilled trade and public safety programs such as plumbing, welding, automotive, construction, fire safety and law enforcement. Half of the scholarships offered are earmarked for veterans of the U.S. Armed Forces. In addition to the scholarship, Grainger provides tools to students after they graduate to help them launch a successful career. Since 2006, Grainger has donated more than \$3.1 million to support technical education.

2015 GRAINGER TOOLS FOR TOMORROW® STUDENT PROFILE



The Grainger Tools for Tomorrow® scholarship program helped Luis A. Benitez-Leon pursue his education in Aviation Technology at Pima Community College in Tucson, Arizona.

“When I was younger, I did not have a clue what I was going to do with my

life,” Benitez-Leon said. “I struggled for a long time deciding what career path I wanted to take. My academic achievements gave me the confidence to realize that, as long as I work hard and stay focused, I can achieve the goals I set for myself. I had an affinity for working with electronics, but never thought of making a career out of this skill until now. I decided to pursue my Airframe and Power Plant and Avionic certifications, because I recognized the opportunity that education represented. This career path allows me to take advantage of the demand for aviation professionals, to become independent and to do something I enjoy.”

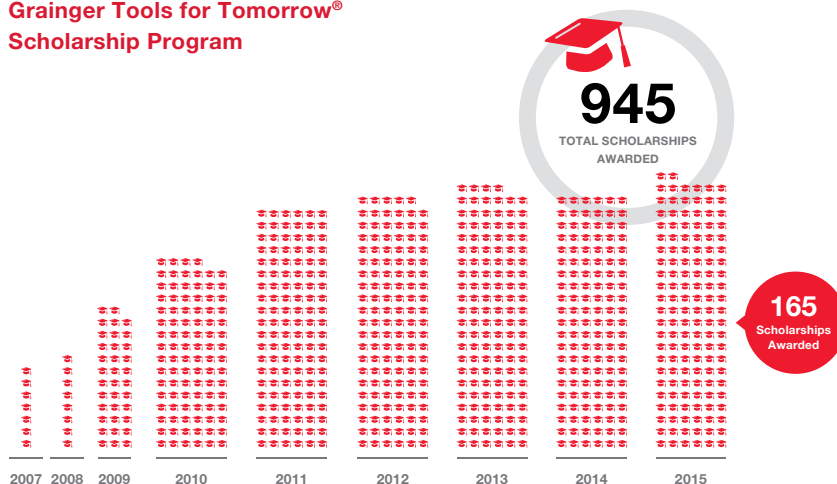
Local Community College Support

In 2015, Grainger partnered with the City Colleges of Chicago to award scholarships to five students at Olive-Harvey College pursuing a certificate or degree in the Transportation, Distribution and Logistics (TDL) Program. This special grant provided by Grainger supports Olive-Harvey as the college continues to advance its TDL program, which prepares students for success in the growing field.

Grainger also partners with One Million Degrees, a Chicago-based organization dedicated to providing comprehensive support to low-income, highly motivated community college students. Grainger’s Business Resource Groups have provided financial support to One Million Degrees and are being trained as coaches and tutors to help mentor community college students.



Grainger Tools for Tomorrow® Scholarship Program





GRAINGER MATCHING CHARITABLE GIFTS PROGRAM

Grainger team members take pride in supporting their local communities. Grainger empowers team members in the U.S. to direct company funding through a generous three-to-one Matching Charitable Gifts Program. More than 1,900 team members directed approximately \$2.7 million to more than 2,000 charitable organizations through the Grainger Matching Charitable Gifts Program in 2015.



GRAINGER COMMUNITY GRANT PROGRAM

The company is proud to participate in the Grainger Community Grant Program, an innovative program sponsored by The Grainger Foundation, an independent, private foundation that was established in 1949 by William Wallace Grainger, the company's founder.

Established in 2007, the Grainger Community Grant Program helps address local community needs throughout the U.S. and Puerto Rico by engaging the company's Branch Leaders and Distribution Center Directors to identify charitable organizations within their local communities and make recommendations to The Grainger Foundation to fund grants. Grants through this Program normally range from \$1,000 to \$10,000. As a result of recommendations made in 2015, The Grainger Foundation made grants totaling more than \$6 million to a wide variety of organizations in the areas of health and human services, food banks, disaster relief and technical education.

Through the Grainger Community Grant Program, The Grainger Foundation has contributed approximately \$41.3 million to more than 4,700 charitable organizations since 2007.



LOCAL GIVING

Through financial support and team member volunteerism, Grainger's spirit of service comes to life in the many communities where team members live and work around the globe. Below are some highlights from 2015.

Canada

Acklands–Grainger team members continued to support the United Way in 2015 through financial contributions as well as participation in the United Way Dragon Boat Festival and several United Way Day of Caring volunteer activities. Since 2000, Acklands–Grainger team members and the company have donated more than CAN\$2.9M to United Way Canada.

In 2015, Acklands–Grainger also participated in the British Columbia Easter Seals Camp Challenge to support camps for disabled children and contributed to the Rick Hansen Foundation's Planat program, an online platform with information on the accessibility of public venues.



China

Grainger China participated in World Autism Day in 2015 by distributing blue ribbons to employees to help raise awareness of autism. The team also provided donations for school kids and their families in poverty-stricken areas of the country.

In April, Grainger team members in China helped mark Earth Day by organizing on-site battery recycling and medication disposal to encourage sustainable practices.



Europe

Fabory supports the European chapters of the Red Cross by giving team members the option to make a donation in their names rather than receive a company Christmas gift. In 2015, Fabory donated clothes, toys, backpacks and learning materials to COCOCI, an organization that supports poor, sick or abandoned children and teenagers in Portugal. Fabory's leadership team also assembled bikes in the Netherlands for Stichting Leergeld to provide young people with convenient, economical transportation to school.



Mexico

Grainger Mexico empowers women by sponsoring ANSPAC, an organization committed to promoting social advancement through continuing education for working adults. Grainger Mexico also participates in the annual Centro de Rehabilitación Infantil Teletón campaign to support children with cancer and autism.

Grainger Mexico was recognized by the Mexican Center for Philanthropy (CEMEFI) as a recipient of the 2015 Empresa Socialmente Responsable Award. The CEMEFI annually recognizes companies that demonstrate excellence in social responsibility and have a commitment to employees, investors, customers and their local communities.





United Kingdom

Cromwell employees have a long history of supporting the Guide Dogs Appeal, a fund for training puppies to aid blind and partially sighted people. Cromwell team members have raised more than £100,000 through fundraising activities and have named 50 puppies. Additionally, Cromwell team members raised nearly £5,000 in 2015 to support Children In Need, Red Nose, Sports Relief, Text Santa and other local charities.



United States

In 2015, Grainger's U.S. business tested new ways to track and support volunteerism, helping team members across the country provide time and talent to charitable organizations. For example, Grainger volunteers from three area branches in Pittsburgh worked with the United Way to provide basic safety inspections to low-income senior citizens to help keep them safe in their homes. Team members in Grainger's Dallas/ Ft. Worth Distribution Center volunteered for the Tarrant Area Food Bank's "Birthday in a Bag" project, assembling birthday party supplies to donate to low-income families.

Each year, Grainger's Business Resource Groups support local charitable organizations that align with their missions through the BRG Community Fund, which in 2015, awarded 16 grants worth a total of \$50,000 to organizations such as Girls on the Run, Urban Initiatives and the Point Foundation. In addition to the grants, BRG members volunteer to provide mentoring and coaching to help these organizations achieve their goals. For example, Grainger's Latino and African American BRGs partnered to host Urban Initiatives at the company's headquarters, coaching soccer matches and providing career insights and advice to students.





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Thank you to the Grainger team members, suppliers, charitable organizations and partners who are featured throughout this report. Your support is important to the success of our corporate social responsibility initiatives and the company is grateful for your contributions.

Grainger invites you to visit www.graingercsr.com for our most up-to-date news. We welcome your feedback at csr@grainger.com.