

CDP

Climate Change 2016 Information Request

W.W. Grainger, Inc.

**Module: Introduction**

**Page: Introduction**

**CC0.1**

**Introduction**

Please give a general description and introduction to your organization.

W.W. Grainger, Inc., incorporated in the State of Illinois in 1928, is a broad-line distributor of maintenance, repair and operating (MRO) supplies and other related products and services used by businesses and institutions. Grainger uses a multichannel business model to provide customers with a range of options for finding and purchasing products, utilizing sales representatives, direct marketing materials, catalogs and eCommerce. Grainger serves more than 2 million customers worldwide through a network of highly integrated branches, distribution centers, websites and export services.

**CC0.2**

**Reporting Year**

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

**Enter Periods that will be disclosed**

Thu 01 Jan  
2015 - Thu 31  
Dec 2015

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**CC0.3****Country list configuration**

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country

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**CC0.4****Currency selection**

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD(\$)

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**CC0.6****Modules**

As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sub-industries, companies in the oil and gas sub-industries, companies in the information technology and telecommunications sectors and companies in the food, beverage and tobacco industry group should complete supplementary questions in addition to the main questionnaire.

If you are in these sector groupings (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email [respond@cdp.net](mailto:respond@cdp.net).

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdp.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

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**Further Information**

**Module: Management**

**Page: CC1. Governance**

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**CC1.1**

**Where is the highest level of direct responsibility for climate change within your organization?**

Board or individual/sub-set of the Board or other committee appointed by the Board

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**CC1.1a**

**Please identify the position of the individual or name of the committee with this responsibility**

James T. Ryan, CEO, Board member and Chairman of the Board

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**CC1.2**

**Do you provide incentives for the management of climate change issues, including the attainment of targets?**

Yes

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CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

<b>Who is entitled to benefit from these incentives?</b>	All employees	Environment/Sustainability managers
<b>The type of incentives</b>	Monetary reward	Monetary reward
<b>Incentivized performance indicator</b>	Energy reduction project	Emissions reduction target
<b>Comment</b>	Employees of Grainger's U.S. business are eligible for profit sharing based on the company's annual financial performance. Grainger's energy reduction and efficiency projects reduce the company's utility expenses, which make up about 1% of Grainger's total operating expenses in the U.S., and therefore do have some minimal effect on the monetary profit sharing award provided to employees.	Managers receive annual salary increases based on the performance relative to their goals set each year. The Senior Manager of Global Sustainability has a goal to reduce Grainger's Carbon Intensity by 33% in 2020. This manager is rewarded based on this key performance indicator, Scope 1 and Scope 2 GHG emissions divided by total revenue of North American business operations.

**Further Information**

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

**CC2.1a**

**Please provide further details on your risk management procedures with regard to climate change risks and opportunities**

<b>Frequency of monitoring</b>	Annually
<b>To whom are results reported?</b>	Board or individual/sub-set of the Board or committee appointed by the Board
<b>Geographical areas considered</b>	North America
<b>How far into the future are risks considered?</b>	> 6 years
<b>Comment</b>	N/A

**CC2.1b**

**Please describe how your risk and opportunity identification processes are applied at both company and asset level**

- i) Scope of the Process: Grainger's risk management process includes weather-related impacts and regulatory requirements related to climate change and climate change mitigation.
- ii) How risk/opportunities are assessed at a company level: Climate change topics are assessed at a GHG workshop once a year. Business partners from each area of the business that impacts Grainger's GHG inventory and climate change strategy discuss our progress and develop the plan for the future. Specific projects, company level risks, and company level opportunities are discussed.
- iii) How risks/opportunities are assessed at an asset level: Grainger conducted a Business Impact (BI) analysis to analyze risks and quantify major exposures to Grainger facilities within its supply chain. The outcomes include prioritization of key facilities or processes by quantifying the significant impact of exposures facing the organization against specific threats (e.g. physical risks/loss).

**CC2.1c**

**How do you prioritize the risks and opportunities identified?**

The process to identify priorities for physical risks is based upon locations that distribute the highest average monthly volume and the longest recovery period. The recovery period is defined as the time it would take to rebuild a large distribution center in the event of complete loss.

CC2.1d

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process

Do you plan to introduce a process?

Comment

CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

i) Internal process for influencing the strategy/How the business strategy has been influenced: Grainger's climate change strategy has been influenced by a cross functional working group within the company. The team includes, but is not limited to the Corporate Social Responsibility team, community affairs, corporate facilities, environmental, health and safety, transportation, product management, legal and sustainability departments. The Sustainability department collects and monitors data around climate change on an ongoing basis to align current projects to the company's goal to reduce its GHG intensity. First, a project and it's benefits and impacts of a climate change strategy are presented by this team to leadership of the business unit to gain organizational alignment around investing in our climate change reduction strategy. Secondly, the business unit verifies the improvements. Then, the climate change mitigation project is either approved or denied based on the impact to climate change, and the financial value for the shareholders. One example of how this



integrated internal process has shaped strategy for Grainger is the introduction of a GHG intensity reduction initiative to reduce intensity by 33%. A Second example is Grainger's efforts to increase recycling rates in our largest facilities which reduces GHG in our supply chain. Both examples provide a strategic advantage through cost reductions and efficiencies. iii) Aspects of Climate Change that influence long term strategy: The aspects of climate change that have influenced Grainger's long term strategy are opportunities and risks associated with rising greenhouse gas emissions and rising energy expenses, as well as opportunities to meet customer demand for more environmentally preferred products that help customers reduce environmental impacts and costs while adapting to climate change. Additionally, Grainger has adopted energy efficiency strategies to help improve Grainger's GHG intensity at its largest facilities to reach the reduction goal of 33% from 2011 to 2020. v) Long-term strategy components (More than one year): The following are examples of how climate change has influenced Grainger's long-term business strategies. Grainger is making renewable energy, energy efficiency, and environmentally preferred products a priority for the future. We have invested in clean energy (4.1 MW of solar capacity between two distribution centers in New Jersey and California), annually invest in energy efficiency projects (LED Lighting retrofits, retro-commissioning, etc.), manage midstream utility rebates for customers to install energy efficient lighting, and Grainger offers more than 50,000 environmentally preferred products. ii) Substantial business decisions: Grainger's goal to reduce GHG emissions intensity by 2020 was a driver in the decision to make upgrades to 2 building management systems in Grainger's Chicago Office locations. As well as investment in a new LEED CI project at Grainger's downtown Chicago office. Additionally, Grainger has identified a new project to increase renewable energy production at a distribution facility.

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**CC2.2b**

Please explain why climate change is not integrated into your business strategy

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**CC2.2c**

**Does your company use an internal price of carbon?**

No, and we currently don't anticipate doing so in the next 2 years

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**CC2.2d**

Please provide details and examples of how your company uses an internal price of carbon

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**CC2.3**

**Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)**

Trade associations

**CC2.3a**

**On what issues have you been engaging directly with policy makers?**

Focus of legislation
Corporate Position
Details of engagement
Proposed legislative solution

**CC2.3b**

**Are you on the Board of any trade associations or provide funding beyond membership?**

No



CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association
Is your position on climate change consistent with theirs?
Please explain the trade association's position
How have you, or are you attempting to, influence the position?

CC2.3d

Do you publicly disclose a list of all the research organizations that you fund?

CC2.3e

Please provide details of the other engagement activities that you undertake

**CC2.3f**

**What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Grainger belongs to a limited number of trade associations and participates in educational events held by these groups on sustainability topics. The company's process is to periodically review the trade associations' sustainability materials and report our sustainability activities to these organizations. Grainger does not take part in influencing trade associations regarding climate change.

**CC2.3g**

Please explain why you do not engage with policy makers

**Further Information**

**Page: CC3. Targets and Initiatives**

**CC3.1**

**Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?**

Intensity target

CC3.1a

Please provide details of your absolute target

ID
Scope
% of emissions in scope
% reduction from base year
Base year
Base year emissions covered by target (metric tonnes CO2e)
Target year
Is this a science-based target?
Comment

CC3.1b

Please provide details of your intensity target

<b>ID</b>	Int1
<b>Scope</b>	Scope 1+2 (market-based)
<b>% of emissions in scope</b>	100%
<b>% reduction from base year</b>	33%
<b>Metric</b>	Metric tonnes CO2e per unit revenue
<b>Base year</b>	2011
<b>Normalized base year emissions covered by target</b>	142306
<b>Target year</b>	2020
<b>Is this a science-based target?</b>	No, and we do not anticipate setting one in the next 2 years

CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

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ID	
Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	Increase
% change anticipated in absolute Scope 1+2 emissions	21
Direction of change anticipated in absolute Scope 3 emissions at target completion?	
% change anticipated in absolute Scope 3 emissions	
Comment	

CC3.1d

Please provide details of your renewable energy consumption and/or production target

ID
Energy types covered by target
Base year
Base year energy for energy type covered (MWh)
% renewable energy in base year
Target year
% renewable energy in target year
Comment

CC3.1e

For all of your targets, please provide details on the progress made in the reporting year

ID	
% complete (time)	56%
% complete (emissions or renewable energy)	58%
Comment	

CC3.1f

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

**CC3.2**

Do you classify any of your existing goods and/or services as low carbon products or do they enable a third party to avoid GHG emissions?

Yes

**CC3.2a**

Please provide details of your products and/or services that you classify as low carbon products or that enable a third party to avoid GHG emissions

<b>Level of aggregation</b>
<b>Description of product/Group of products</b>
<b>Are you reporting low carbon product/s or avoided emissions?</b>
<b>Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions</b>
<b>% revenue from low carbon product/s in the reporting year</b>
<b>% R&amp;D in low carbon product/s in the reporting year</b>
<b>Comment</b>

**CC3.3**

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

**CC3.3a**

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Under investigation	To be implemented*	Implementation commenced*	Implemented*	Not to be implemented
Number of projects	0	0	0	5	0
Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)	0	0	0	5,731	0

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Energy efficiency: Building services	Energy efficiency: Processes	Energy efficiency: Building services	Energy efficiency: Processes		Energy efficiency: Building services
Description of activity	Lighting Retrofit of Existing HID Fixtures with new LED Lighting Fixtures at six (6) Grainger Branches.	Disaster Recovery Data Center Migration from Kansas City Distribution Center to the new Lake Forest Data Center resulting in a majority shutdown of the data center at the Kansas City Distribution Center.	Lighting Retrofit of Existing HPS Fixtures with New LED Lighting Fixtures at the Kansas City Distribution Center.	Decommission of Branch Sites closed to the public and internal operations but still owned or leased.		Lighting Retrofit of Existing T8 Fluorescent Fixtures with new LED Lighting Fixtures at the Denver Market Distribution Center
Estimated annual CO2e savings (metric tonnes CO2e)	19	2844	2580	189		99
Scope	Scope 2 (location-based)	Scope 2 (location-based)	Scope 2 (location-based)	Scope 1	Scope 2 (location-based)	Scope 2 (location-based)
Voluntary/ Mandatory	Voluntary	Voluntary	Voluntary	Voluntary		Voluntary
Annual monetary savings (unit currency - as specified in CC0.4)	6337	280281	302476	66562		12357
Investment required (unit currency - as specified in CC0.4)	39439	204000	1419922			145000
Payback period	4-10 years	<1 year	4-10 years	<1 year		11-15 years
Estimated lifetime of the initiative	21-30 years	>30 years	21-30 years	>30 years		21-30 years
Comment						



CC3.3c

What methods do you use to drive investment in emissions reduction activities?

<b>Method</b>	Dedicated budget for energy efficiency
<b>Comment</b>	Each year Grainger dedicates a portion of its capital and expense budget toward energy efficiency projects within its real estate portfolio.

CC3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

Page: CC4. Communication

**CC4.1**

**Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)**

<b>Publication</b>	In voluntary communications
<b>Status</b>	Complete
<b>Page/Section reference</b>	14-Nov
<b>Attach the document</b>	<a href="https://www.cdp.net/sites/2016/61/22861/Climate%20Change%202016/Shared%20Documents/Attachments/CC4.1/Grainger%20CSR%20Report%202016.pdf">https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/CC4.1/Grainger CSR Report 2016.pdf</a>
<b>Comment</b>	

**Further Information**

**Module: Risks and Opportunities**

**Page: CC5. Climate Change Risks**

**CC5.1**

**Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply**

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

CC5.1a

**Please describe your inherent risks that are driven by changes in regulation**

<b>Risk driver</b>	Uncertainty surrounding new regulation
<b>Description</b>	Regulations directed towards reducing greenhouse gas emissions may increase utility costs. Examples of this include the Clean Air Act, and the subsequent EPA New Source Performance Standards for any new power plant in the US. Increased utility costs would increase operational costs for Grainger's facilities located in the United States.
<b>Potential impact</b>	Increased operational cost
<b>Timeframe</b>	>6 years
<b>Direct/Indirect</b>	Indirect (Supply chain)
<b>Likelihood</b>	More likely than not
<b>Magnitude of impact</b>	Low
<b>Estimated financial implications</b>	Regulation of GHG emissions has the potential to impact utility costs. Changes in legal and regulatory environments could increase the cost of doing business. Utility costs may increase in the future, but it will have a relatively small financial impact. Grainger has calculated that if regulations were to affect utility costs 10% there would be an estimated increase in operating expense of 1%.
<b>Management method</b>	Grainger is conducting energy efficiency upgrades in existing facilities and building new facilities to energy efficient standards. In 2015 Grainger operated 19 LEED facilities in the US, Canada, and Mexico. Additionally, in 2015, Grainger implemented 5 energy efficiency projects, including but not limited to lighting upgrades, which will reduce the facilities future energy requirements.
<b>Cost of management</b>	The cost of these 5 energy efficiency/renewable energy projects totaled approximately \$1.8M.

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

<b>Risk driver</b>	Change in precipitation extremes and droughts
<b>Description</b>	Changes in precipitation extremes could cause flooding for respective Grainger locations considered to be in a 100 year flood zone. In the event of extreme flood conditions the respective location will be inoperable for an unknown period of time. In addition, there could be considerable damage to stocked inventory within a given location that can no longer be sold to customers.
<b>Potential impact</b>	Inability to do business
<b>Timeframe</b>	>6 years
<b>Direct/Indirect</b>	Direct
<b>Likelihood</b>	About as likely as not
<b>Magnitude of impact</b>	Low
<b>Estimated financial implications</b>	Financial Impacts due to the loss of sales and loss of inventory. Increased severity of precipitation has the potential to increase this small financial impact. Grainger has calculated that complete loss a building in a flood/severe storm region would cost the business at least \$50M and less than that in 99% of Grainger's buildings.
<b>Management method</b>	This risk is mitigated by locating more than 93% of the Grainger locations outside of 100-year flood zones. This means roughly 7% of Grainger locations reside in a 100-year flood zone. Grainger has mitigated the risk of total loss by implementing contingency plans so that the remaining locations around the country are well positioned to serve affected communities and customers. This risk is evaluated when buildings are built or relocated. Additionally, in 2015, Grainger implemented upgrades to the buildings envelopes, including re-roofing, to protect from extreme weather.
<b>Cost of management</b>	Grainger spent approximately \$100M on maintenance to buildings and improvements to Grainger Properties and other critical assets in 2015.

CC5.1c

Please describe your inherent risks that are driven by changes in other climate-related developments

<b>Risk driver</b>	Changing consumer behaviour
<b>Description</b>	Grainger sells environmentally preferred products, so we must maintain an environmentally responsible reputation or else we run the risk of reduced demand for our products. Grainger's continued success is substantially dependent on positive perceptions of Grainger's reputation. Reducing our GHG emissions intensity will support Grainger's continued success.
<b>Potential impact</b>	Reduced demand for goods/services
<b>Timeframe</b>	>6 years
<b>Direct/Indirect</b>	Direct
<b>Likelihood</b>	About as likely as not
<b>Magnitude of impact</b>	Low-medium
<b>Estimated financial implications</b>	One of the reasons why customers choose to do business with Grainger and why employees choose Grainger as a place of employment is the reputation that Grainger has built over 85+ years. To be successful in the future, Grainger must continue to preserve, grow and leverage the value of its brand. Reputational value is based in large part on perceptions of subjective qualities. If Grainger's reputation was negatively impacted, it could lead to a reduction in customer demand which could negatively impact the company's revenue. The financial implication to a negative effect on Grainger's climate change reputation could be a decline in environmentally preferred product sales. If there was a 5% reduction in environmentally preferred product sales, it would result in a sales decline of approximately \$3M.
<b>Management method</b>	Grainger has implemented a Corporate Social Responsibility working group to focus on stakeholder views around its corporate citizenship and Grainger's business practices. The CSR group includes but is not limited to community affairs, environmental, legal, health and safety and sustainability functional areas who more specifically track trends around climate change. Grainger also takes the opportunity to further enhance its reputation by communicating a commitment to sustainability through the CDP. Also, in May of 2015, Grainger published its 3rd annual CSR Report and throughout the year answered customer specific questionnaires.
<b>Cost of management</b>	The incremental cost of these methods is \$0. Grainger has approximately the equivalent of 5+ full time employees dedicated to corporate social responsibility.

CC5.1d

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

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CC5.1e

Please explain why you do not consider your company to be exposed to inherent risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

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CC5.1f

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

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**Further Information**

**Page: CC6. Climate Change Opportunities**

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CC6.1

**Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply**

- Opportunities driven by changes in regulation
  - Opportunities driven by changes in physical climate parameters
  - Opportunities driven by changes in other climate-related developments
-

CC6.1a

**Please describe your inherent opportunities that are driven by changes in regulation**

<b>Opportunity driver</b>	Product efficiency regulations and standards
<b>Description</b>	As product efficiency regulations and standards take effect, new, more efficient products and services can be made available to the marketplace through Grainger's product offering. This could lead to an increased demand for new, environmentally preferable products. Product standards such as Energy Star Ratings for appliances, LEED building standards around energy efficiencies like Lighting and Air Quality, have become mandated in new construction for some of our largest customers; An example being Executive Order B-29-15 in California to reduce water consumption by 25% state wide.
<b>Potential impact</b>	Increased demand for existing products/services
<b>Timeframe</b>	Up to 1 year
<b>Direct/Indirect</b>	Direct
<b>Likelihood</b>	Virtually certain
<b>Magnitude of impact</b>	Low-medium
<b>Estimated financial implications</b>	Product efficiency regulations are tracked very closely. Awareness of upcoming legislation allows Grainger to phase out products and introduce new products that meet the regulations in advance of the effective date of the regulations. As a result, the customer base and relevance to the marketplace is preserved. This leads to increased demand for existing products/services. The MRO opportunity in water conservation is approximately \$98M over the next 3 years. Currently, global projections for water conservation products/services is \$20.4B, with 96% of that investment expected to be in Canada and the US, markets where Grainger has the infrastructure to serve these potential customers. Grainger currently sells over \$595M in sales of environmentally preferred products, a growing business for Grainger, and expected to grow year over year due to increase in demand.
<b>Management method</b>	In order to take advantage of the opportunity, Grainger has evaluated a variety new products and services. Grainger management assembled a task force to identify water conservation products to help our customers meet the California Mandate. In that cross functional group there are product category managers, internal sustainability managers, marketing and finance team members. Each is tasked with a different job to help identify the customer needs. Additionally, In 2015, at Grainger's National Sales and Service Meeting, Grainger provided educational seminars and product information to customers to increase awareness that Grainger is prepared to meet the regulatory challenges in advance of the effective dates of the regulations.

CC6.1b

**Please describe the inherent opportunities that are driven by changes in physical climate parameters**

<b>Opportunity driver</b>	Product efficiency regulations and standards
<b>Description</b>	As product efficiency regulations and standards take effect, new, more efficient products and services can be made available to the marketplace through Grainger's product offering. This could lead to an increased demand for new, environmentally preferable products. Product standards such as Energy Star Ratings for appliances, LEED building standards around energy efficiencies like Lighting and Air Quality, have become mandated in new construction for some of our largest customers; An example being Executive Order B-29-15 in California to reduce water consumption by 25% state wide.
<b>Potential impact</b>	Increased demand for existing products/services
<b>Timeframe</b>	Up to 1 year
<b>Direct/Indirect</b>	Direct
<b>Likelihood</b>	Virtually certain
<b>Magnitude of impact</b>	Low-medium
<b>Estimated financial implications</b>	Product efficiency regulations are tracked very closely. Awareness of upcoming legislation allows Grainger to phase out products and introduce new products that meet the regulations in advance of the effective date of the regulations. As a result, the customer base and relevance to the marketplace is preserved. This leads to increased demand for existing products/services. The MRO opportunity in water conservation is approximately \$98M over the next 3 years. Currently, global projections for water conservation products/services is \$20.4B, with 96% of that investment expected to be in Canada and the US, markets where Grainger has the infrastructure to serve these potential customers. Grainger currently sells over \$595M in sales of environmentally preferred products, a growing business for Grainger, and expected to grow year over year due to increase in demand.
<b>Management method</b>	In order to take advantage of the opportunity, Grainger has evaluated a variety new products and services. Grainger management assembled a task force to identify water conservation products to help our customers meet the California Mandate. In that cross functional group there are product category managers, internal sustainability managers, marketing and finance team members. Each is tasked with a different job to help identify the customer needs. Additionally, In 2015, at Grainger's National Sales and Service Meeting, Grainger provided educational seminars and product information to customers to increase awareness that Grainger is prepared to meet the regulatory challenges in advance of the effective dates of the regulations.
<b>Cost of management</b>	Because of advanced preparation, the incremental cost of these methods is \$0. Grainger has the equivalent of approximately 7+ full time employees working to solve this problem for its customers.



CC6.1c

**Please describe the inherent opportunities that are driven by changes in other climate-related developments**

<b>Opportunity driver</b>	Reputation
<b>Description</b>	Grainger sells environmentally preferable products, so we must maintain an environmentally responsible reputation. We have the opportunity of increased demand for our products based on customer awareness of Grainger's sustainable product offering and reputation as a sustainable company. Grainger's continued success is substantially dependent on positive perceptions of Grainger's reputation.
<b>Potential impact</b>	Increased stock price (market valuation)
<b>Timeframe</b>	1 to 3 years
<b>Direct/ Indirect</b>	Direct
<b>Likelihood</b>	About as likely as not
<b>Magnitude of impact</b>	Low
<b>Estimated financial implications</b>	Grainger has built its reputation over many years. To be successful in the future, Grainger must continue to preserve, grow and leverage the value of its brand. This reputational risk also provides Grainger the opportunity to expand its product and service offering, upgrade its facilities, and operate its business in a more sustainable manner. The financial implications of the environmentally preferred product sales growth exceed \$595M in sales in 2015, a sector of the business that has typically grown year over year. If Grainger could increase sales of environmentally preferable products by 10% it would earn approximately \$60M more annually. Additionally, Grainger has shown improvement year over year aligning itself as a sustainable company, reducing its risks of climate change, and increasing its efficiency. Because environmentally preferred product sales a growing business for Grainger and it is becoming more environmentally efficient, it will positively affect market valuation.
<b>Management method</b>	Grainger's cross functional Corporate Social Responsibility (CSR) team engages with stakeholders around our brand and reputation. The CSR group includes but is not limited to the investor relations, environmental, health and safety and sustainability functional areas. The sustainability team tracks trends around climate change and the opportunity to further enhance our reputation by communicating our commitment. Grainger's Sustainability team has implemented countless initiatives to reduce the company's impact on the environment, which also creates a positive corporate reputation. These programs include, but are not limited to, recycling standardization, renewable energy installations, and team member engagement workshops. Grainger also takes the opportunity to further enhance our reputation by communicating our commitment to sustainability through disclosure like the CDP, Grainger's Annual CSR Report and customer specific questionnaires. In 2015 Grainger released its 3rd Annual CSR Report and disclosed water consumption for the first time.
<b>Cost of management</b>	The initial cost to invest in these initiatives ranges from \$10K to \$4M, from recycling bins to solar installation to reputation management. The incremental cost of these methods, after initial investment, ranges from \$0-\$20,000 maintenance costs. The incremental cost in communicating these initiatives is \$0.

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CC6.1d

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

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CC6.1e

Please explain why you do not consider your company to be exposed to inherent opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

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CC6.1f

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

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**Further Information**

**Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading**

**Page: CC7. Emissions Methodology**

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**CC7.1**

**Please provide your base year and base year emissions (Scopes 1 and 2)**

<b>Scope</b>	Scope 1	Scope 2 (location-based)	Scope 2 (market-based)
<b>Base year</b>	Sat 01 Jan 2011 - Sat 31 Dec 2011		Sat 01 Jan 2011 - Sat 31 Dec 2011
<b>Base year emissions (metric tonnes CO2e)</b>	40,275		102,031

**CC7.2**

**Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions**

<b>Please select the published methodologies that you use</b>	The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
---	--

**CC7.2a**

**If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions**

**CC7.3**

Please give the source for the global warming potentials you have used

Gas	CO2	CH4	N2O
Reference	IPCC Fifth Assessment Report (AR5 - 100 year)	IPCC Fifth Assessment Report (AR5 - 100 year)	IPCC Fifth Assessment Report (AR5 - 100 year)

**CC7.4**

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy
Emission Factor
Unit
Reference

**Further Information**

**Attachments**

[https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC7.EmissionsMethodology/Grainger - 2015 Emissions Factors.xlsx](https://www.cdp.net/sites/2016/61/22861/Climate%20Change%202016/Shared%20Documents/Attachments/ClimateChange2016/CC7.EmissionsMethodology/Grainger%20-%202015%20Emissions%20Factors.xlsx)

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO<sub>2</sub>e

48321

CC8.3

Does your company have any operations in markets providing product or supplier specific data in the form of contractual instruments?

Yes

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO<sub>2</sub>e

Scope 2, location-based	102094
Scope 2, market-based (if applicable)	100016
Comment	

**CC8.4**

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

**CC8.4a**

Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

<b>Source</b>	Locations outside the US, Canada, Mexico, or Panama are not included.
<b>Relevance of Scope 1 emissions from this source</b>	Emissions are relevant but not yet calculated
<b>Relevance of location-based Scope 2 emissions from this source</b>	Emissions are relevant but not yet calculated
<b>Relevance of market-based Scope 2 emissions from this source (if applicable)</b>	Emissions are relevant but not yet calculated
<b>Explain why the source is excluded</b>	Complete data is not yet available. The missing data is from non-North American Grainger facilities and newly acquired businesses.

**CC8.5**

**Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations**

<b>Scope</b>	Scope 1	Scope 2 (location-based)	Scope 2 (market-based)
<b>Uncertainty range</b>	More than 2% but less than or equal to 5%	More than 2% but less than or equal to 5%	More than 2% but less than or equal to 5%
<b>Main sources of uncertainty</b>	Data Management	Data Management	Data Management
<b>Please expand on the uncertainty in your data</b>	Since Grainger's GHG inventory is compiled from a number of data sources, there is the possibility of some human error in the data transfer process. Granger has put in place internal audits and data quality checks to mitigate this source of uncertainty.	Since Grainger's GHG inventory is compiled from a number of data sources, there is the possibility of some human error in the data transfer process. Granger has put in place internal audits and data quality checks to mitigate this source of uncertainty.	Since Grainger's GHG inventory is compiled from a number of data sources, there is the possibility of some human error in the data transfer process. Granger has put in place internal audits and data quality checks to mitigate this source of uncertainty.

**CC8.6**

**Please indicate the verification/assurance status that applies to your reported Scope 1 emissions**

Third party verification or assurance process in place

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

<b>Verification or assurance cycle in place</b>	Annual process
<b>Status in the current reporting year</b>	Complete
<b>Type of verification or assurance</b>	Limited assurance
<b>Attach the statement</b>	<a href="https://www.cdp.net/sites/2016/61/22861/Climate%20Change%202016/Shared%20Documents/Attachments/CC8.6a/Grainger%202015%20GHG%20Verification%20statement.pdf">https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/CC8.6a/Grainger 2015 GHG Verification statement.pdf</a>
<b>Page/section reference</b>	1-3
<b>Relevant standard</b>	ISO14064-3
<b>Proportion of reported Scope 1 emissions verified (%)</b>	100

CC8.6b

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emissions Monitoring Systems (CEMS)

<b>Regulation</b>
<b>% of emissions covered by the system</b>
<b>Compliance period</b>
<b>Evidence of submission</b>



**CC8.7**

Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

Third party verification or assurance process in place

**CC8.7a**

Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

<b>Location-based or market-based figure?</b>	Location-based	Market-based
<b>Verification or assurance cycle in place</b>	Annual process	Annual process
<b>Status in the current reporting year</b>	Complete	Complete
<b>Type of verification or assurance</b>	Limited assurance	Limited assurance
<b>Attach the statement</b>	<a href="https://www.cdp.net/sites/2016/61/22861/Climate%20Change%202016/Shared%20Documents/Attachments/CC8.7a/Grainger%202015%20GHG%20Verification%20statement.pdf">https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/CC8.7a/Grainger 2015 GHG Verification statement.pdf</a>	<a href="https://www.cdp.net/sites/2016/61/22861/Climate%20Change%202016/Shared%20Documents/Attachments/CC8.7a/Grainger%202015%20GHG%20Verification%20statement.pdf">https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/CC8.7a/Grainger 2015 GHG Verification statement.pdf</a>
<b>Page/Section reference</b>	1-3	1-3
<b>Relevant standard</b>	ISO14064-3	ISO14064-3
<b>Proportion of reported Scope 2 emissions verified (%)</b>	100	100

CC8.8

Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified Comment	
	No additional data verified

CC8.9

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

Further Information

Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2015 - 31 Dec 2015)

CC9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

CC9.1a

Please break down your total gross global Scope 1 emissions by country/region

Country/Region	United States of America	Canada	Mexico	Panama
Scope 1 metric tonnes CO2e	33793	14141	0	386

CC9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

CC9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division
Scope 1 emissions (metric tonnes CO2e)

CC9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility
Scope 1 emissions (metric tonnes CO2e)
Latitude
Longitude

CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type
Scope 1 emissions (metric tonnes CO2e)

CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity
Scope 1 emissions (metric tonnes CO2e)

**Further Information**

**Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2015 - 31 Dec 2015)**

CC10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

**CC10.1a**

Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	United States of America	Canada	Mexico	Panama
Scope 2, location-based (metric tonnes CO <sub>2</sub> e)	91945	6577	3186	386
Scope 2, market-based (metric tonnes CO <sub>2</sub> e)	89866	6577	3186	386
Purchased and consumed electricity, heat, steam or cooling (MWh)	160761	25447	6818	1076
Purchased and consumed low carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)	5773	0	0	0

**CC10.2**

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

**CC10.2a**

Please break down your total gross global Scope 2 emissions by business division

Business division
Scope 2 emissions, location based (metric tonnes CO2e)
Scope 2 emissions, market-based (metric tonnes CO2e)

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CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility
Scope 2 emissions, location based (metric tonnes CO2e)
Scope 2 emissions, market-based (metric tonnes CO2e)

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CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity
Scope 2 emissions, location based (metric tonnes CO2e)
Scope 2 emissions, market-based (metric tonnes CO2e)

---

**Further Information**

CC11.1

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

CC11.2

Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	Heat	Steam	Cooling
Energy purchased and consumed (MWh)	0	0	0

CC11.3

Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

231325

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	Natural gas	Motor gasoline	Jet gasoline	Propane
MWh	183204	40007	8110	4

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

<b>Basis for applying a low carbon emission factor</b>	Energy attribute certificates, Renewable Energy Certificates (RECs)
<b>MWh consumed associated with low carbon electricity, heat, steam or cooling</b>	5773
<b>Comment</b>	Grainger has 3MW solar array in New Jersey and a 1MW solar array in California. We have sold those RECs to help finance the projects, then repurchase US Green Power RECs.

CC11.5

Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

<b>Total electricity consumed (MWh)</b>	198799
<b>Consumed electricity that is purchased (MWh)</b>	193025
<b>Total electricity produced (MWh)</b>	5773
<b>Total renewable electricity produced (MWh)</b>	5773
<b>Consumed renewable electricity that is produced by company (MWh)</b>	5773
<b>Comment</b>	



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**Further Information**

**Page: CC12. Emissions Performance**

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**CC12.1**

**How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?**

Increased

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**CC12.1a**

Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

<b>Reason</b>	Emissions reduction activities	Change in boundary	Unidentified
<b>Emissions value (percentage)</b>	4	8.6	1
<b>Direction of change</b>	Decrease	Increase	Decrease
<b>Please explain and include calculation</b>	<p>Grainger is constantly evaluating its' assets to ensure the business can meet a growing customer demand. Grainger has become the 11th largest e-commerce company in the United States. As a result of this growing demand on our Data Centers and Distribution Centers, Grainger invested over \$1.5M in it's Kansas City Data Center and Distribution Center. Based on previous year usage this resulted in an absolute reduction of 5424 MT of CO2e, or approximately 3.8% of Grainger GHG emissions in 2014. Additionally, emissions reductions activities including lighting retrofits and property realignment reduced emissions by 307 MT of CO2e, which represents 0.2% of the total 2014 emissions of 143,136 MT CO2e. <math>(5731 \text{ MT CO}_2\text{e} / 143136 \text{ MT CO}_2\text{e}) * 100 = 4.0</math> (Grainger's 2014 scope 1 and scope 2 emissions equals 143136)</p>	<p>In 2015 Grainger increased its footprint boundary to include all businesses in North America beyond those under the Grainger name. This increased the scope 1 and 2 emissions by 12345 MT CO2e, which represents 8.6% of Grainger GHG emissions in 2014 of 143,136 MT CO2e. <math>(12345 / 143136 \text{ MT CO}_2\text{e}) * 100 = 8.6</math> (Grainger's scope 1 and scope 2 emissions equals 143136)</p>	<p>Grainger has reviewed the categories in which emissions have decreased, and it is unknown why emissions decreased by 1414 MTCO2e, or approximately 1% of 2014 emissions of 143,136 MT CO2e. There were decreases in Natural Gas consumption in the US and Canada which is most likely associated with warmer weather. Yet, this has not been confirmed. <math>(1414 \text{ MTCO}_2\text{e} / 143136 \text{ MTCO}_2\text{e}) * 100 = 1</math> (Grainger's 2014 scope 1 and scope 2 emissions equals 143136)</p>

Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

**CC12.2**

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

<b>Intensity figure =</b>	0.00001514
<b>Metric numerator (Gross global combined Scope 1 and 2 emissions)</b>	metric tonnes CO2e
<b>Metric denominator: Unit total revenue</b>	8984849000
<b>Scope 2 figure used</b>	Market-based
<b>% change from previous year</b>	3.3
<b>Direction of change from previous year</b>	Decrease
<b>Reason for change</b>	This metric decreased by 3.3% because of an absolute emissions reduction caused by emissions reduction activities. As a percentage, absolute emissions decreased more than revenue decreased.

**CC12.3**

Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

<b>Intensity figure =</b>	5.76
<b>Metric numerator (Gross global combined Scope 1 and 2 emissions)</b>	metric tonnes CO2e
<b>Metric denominator</b>	full time equivalent (FTE) employee
<b>Metric denominator: Unit total</b>	25758
<b>Scope 2 figure used</b>	Market-based
<b>% change from previous year</b>	1.65
<b>Direction of change from previous year</b>	Decrease
<b>Reason for change</b>	This metric decreased by 1.65% because of both a greater than 2% reduction in absolute emissions due to emissions reduction activities and a less than 1% change in FTE employee count.

**Further Information**

**Page: CC13. Emissions Trading**

**CC13.1**

**Do you participate in any emissions trading schemes?**

No, and we do not currently anticipate doing so in the next 2 years

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name
Period for which data is supplied
Allowances allocated
Allowances purchased
Verified emissions in metric tonnes CO <sub>2</sub> e
Details of ownership

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CC13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

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CC13.2

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

Yes

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CC13.2a

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

<b>Credit origination or credit purchase</b>	Credit origination	Credit origination	Credit purchase
<b>Project type</b>	Energy efficiency: own generation	Energy efficiency: own generation	CO2 usage
<b>Project identification</b>	NJ Distribution Center Rooftop Solar	SF Distribution Center Rooftop Solar	US Green Power RECs
<b>Verified to which standard</b>	Not yet verified	Not yet verified	Other: Climate Certified
<b>Number of credits (metric tonnes of CO2e)</b>	1518	560	2078
<b>Number of credits (metric tonnes CO2e): Risk adjusted volume</b>	1518	560	2078
<b>Credits cancelled</b>	Yes	Yes	Yes
<b>Purpose, e.g. compliance</b>	Voluntary Offsetting	Voluntary Offsetting	Voluntary Offsetting

**Further Information**

**Page: CC14. Scope 3 Emissions**

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, not yet calculated				
Capital goods	Relevant, not yet calculated				
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	33880	i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from Grainger's scope 1&2 emissions. This electricity and natural gas data comes from utility bills. The emissions factors used are the eGRID grid loss emission factors and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). ii) Description of the data quality of reported emission: The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from electricity and natural gas used in Grainger North American operations were allocated to Grainger's footprint.	100.00%	This category includes transmission losses from electricity and natural gas.
Upstream transportation and distribution	Relevant, calculated	101051	i)Description of the types and sources of data used to calculate emissions: This figure comes from fuel charge in our transportation department's billing system and uses the US EPA SmartWay's avg MPG, US Govt. Fuel Economy's avg diesel fuel cost in 2015. It then uses the emissions factors used are from the EPA's climate Leaders program (CO2: 10.21 kg/gal, CH4: .015g/mile, N2O: .013g/mile). Emissions factors and the GWPs are from the IPCC SAR (CO2 = 1, CH4 = 21, N2O = 310) ii) Description of the data quality of reported emission: The data quality is medium to high.	100.00%	This category includes transportation in the US from suppliers to Grainger's owned facilities and between Grainger owned facilities, and to customers.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from fuel expense used in upstream transportation and distribution were allocated to Grainger's footprint in the US.		
Waste generated in operations	Relevant, calculated	3686	<p>i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from waste and recycling tonnage for Grainger facilities. The emissions factors used are from the EPA's WARM model and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). These emissions come from waste sent to landfills (0.482912783828248 MT CO2e/ton). This data is compiled by Waste Management. The GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265).</p> <p>ii) Description of the data quality of reported emission: The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from waste generated were allocated to Grainger's footprint.</p>	100.00%	Grainger's waste generated in operations includes all waste sent to landfill or incineration from Grainger buildings.
Business travel	Relevant, calculated	21456	<p>i)Description of the types and sources of data used to calculate emissions. The data to calculate these emissions comes from two sources. The commercial air travel data comes from our travel agency, Egencia, and it consists of flight length, type of flight, departure city, and arrival city. The emissions factors used are the DEFRA air travel emissions factors and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). The emissions from employee travel in other vehicles all come from fuel combustion in passenger cars. This fuel data is compiled by Grainger's third party vehicle management company. The emissions factors used are for gasoline consumption from the EPA (8.78 kg CO2/gal, .0173 g</p>	100.00%	Grainger's business travel emissions include commercial air travel as well as employees traveling in non-Grainger owned vehicles.



Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			CH4/mile, .0036 g N2O/mile). the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). ii) Description of the data quality of reported emissions The data quality of all sources for scope 3 emissions calculations is high. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions. The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The assumptions and allocations for commercial air travel emissions that were used were based on DEFRA standards. 100% of the emissions from fuel used in employee travel in other vehicles were allocated to Grainger's footprint.		
Employee commuting	Relevant, calculated	54191	i)Description of the types and sources of data used to calculate emissions: The data to calculate these emissions comes from an employee transportation survey. Some of the data is estimated because it is extrapolated from this survey. The emissions factors used are from the EPA's climate Leaders program (CO2: 0.185 kg/mile, CH4: .002/mile, N2O: .001/mile). Emissions factors and the GWPs are from the IPCC AR5 (CO2 = 1, CH4 = 28, N2O = 265). The emissions from employee commuting come from fuel combustion in passenger cars. ii) Description of the data quality of reported emission: The data quality from the employee transportation survey is good. iii) Description of the methodologies, assumptions and allocation methods used to calculate emissions: The methodology used was GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 100% of the emissions from fuel used in employee commuting were allocated to Grainger's footprint.	100.00%	This category includes emissions from employees commuting to work.
Upstream leased assets	Not relevant, explanation provided				Grainger does not have upstream leased assets
Downstream	Not relevant,				Grainger customers use

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
transportation and distribution	explanation provided				Grainger's shipping methods to receive products, they do not manage the shipments themselves.
Processing of sold products	Not relevant, explanation provided				Grainger sells finished products, not raw materials.
Use of sold products	Relevant, not yet calculated				Grainger does not track the use of its sold products and therefore is unable at this time to calculate the life cycle analysis of sold products.
End of life treatment of sold products	Relevant, not yet calculated				Grainger does not track the use of its sold products and therefore is unable at this time to calculate the life cycle analysis of sold products.
Downstream leased assets	Not relevant, explanation provided				Grainger has no leased assets.
Franchises	Not relevant, explanation provided				Grainger has no franchises.
Investments	Not relevant, explanation provided				Grainger makes no investments
Other (upstream)					
Other (downstream)					

**CC14.2**

**Please indicate the verification/assurance status that applies to your reported Scope 3 emissions**

Third party verification or assurance process in place

**CC14.2a**

**Please provide further details of the verification/assurance undertaken, and attach the relevant statements**

<b>Verification or assurance cycle in place</b>	Annual process	Annual process
<b>Status in the current reporting year</b>	Complete	Complete
<b>Type of verification or assurance</b>	Limited assurance	Limited assurance
<b>Attach the statement</b>	<a href="https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/CC14.2a/Grainger 2015 GHG Verification statement.pdf">https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/CC14.2a/Grainger 2015 GHG Verification statement.pdf</a>	<a href="https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/CC14.2a/Grainger 2015 Water Waste verification statement.pdf">https://www.cdp.net/sites/2016/61/22861/Climate Change 2016/Shared Documents/Attachments/CC14.2a/Grainger 2015 Water Waste verification statement.pdf</a>
<b>Page/Section reference</b>	1-3	1-3
<b>Relevant standard</b>	ISO14064-3	ISO14064-3
<b>Proportion of reported Scope 3 emissions verified (%)</b>	100	100

**CC14.3**

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

**CC14.3a**

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Fuel- and energy-related activities (not included in Scopes 1 or 2)	Upstream transportation & distribution	Waste generated in operations	Business travel	Employee commuting
Reason for change	Change in boundary	Change in methodology	Emissions reduction activities	Emissions reduction activities	Emissions reduction activities
Emissions value (percentage)	235	180	23	5	15
Direction of change	Decrease	Increase	Decrease	Decrease	Decrease
Comment	Granger changed its emissions factors and increased its scope to include acquisitions in North America.	Grainger updated its scope of upstream transportation based on reporting standards to include all transportation, removing downstream transportation as relevant scope 3 emissions.	Grainger implemented a recycling standardization in its largest facilities. This reduced Grainger's waste to Landfill.	Grainger's need to travel decreased causing a decrease in air travel.	Grainger team members decreased use of personal vehicles and increased use of public transportation.

**CC14.4**

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers

Yes, other partners in the value chain

**CC14.4a**

**Please give details of methods of engagement, your strategy for prioritizing engagement and measures of success**

i) Grainger engages its 3rd party transportation companies to reduce GHG emissions through its involvement in the EPA's SmartWay program. Grainger is a certified SmartWay Transport Partner. Grainger prioritizes its engagement by the percent spend of total transportation budget with providers. Currently Grainger has over 90% of its logistics Smart Way certified. Additionally, in 2015, Grainger issued a Sustainable Packaging Guidelines to all 4800 of our suppliers. These guidelines support efforts to increase recyclable materials and decrease waste to landfill, additionally reduce damage to product. ii) Grainger prioritizes which transportation vendors to encourage to partaking in SmartWay based on % spend with that vendor, and success is measured based on Grainger's ability to be SmartWay Certified as a Transportation Partner. Additionally, Grainger prioritizes engagement by identifying its largest suppliers, and directly working with them to identify packaging hot spots. iii) Success is measured by the reduction of Grainger's own waste stream and an increase in recycling, and surveying inbound packaging from suppliers.

**CC14.4b**

**To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent**

<b>Number of suppliers</b>	4800
<b>% of total spend (direct and indirect)</b>	100%
<b>Comment</b>	The Sustainable Packaging Guidelines engaged suppliers through official Grainger communication channels. In 2015, the company introduced the guidelines in order to reduce waste, increase recycling, and reduce damage rate of product. Periodic survey of inbound packaging is completed to measure acceptance rate of guidelines by suppliers.

**CC14.4c**

If you have data on your suppliers' GHG emissions and climate change strategies, please explain how you make use of that data

<b>How you make use of the data</b>	We do not have any data
<b>Please give details</b>	Grainger does not receive data on any of its supplier around GHG emissions in their business, but it does receive data from its vendors, which Grainger uses to calculate its Scope 1, 2, & 3 emissions.

CC14.4d

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

**Further Information**

**Module: Sign Off**

**Page: CC15. Sign Off**

CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

<b>Name</b>	DG MacPherson
<b>Job title</b>	Chief Operating Officer
<b>Corresponding job category</b>	Chief Operating Officer (COO)

**Further Information**

CDP