

“Corporate commitment to environmental stewardship is essential to the quality of life for our future generations. Grainger’s focus on sustainability has two primary elements. In our own operations, we are constantly looking for ways to use resources wisely and reduce our impact on the environment. We help our customers do the same by offering them a growing number of “green” products and services.”

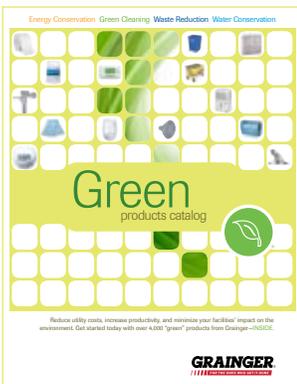
James T. Ryan, Chairman, President and Chief Executive Officer, Grainger

Why Sustainability?

Sustainability means meeting the present generation’s needs without compromising the future generation’s ability to meet its own needs. Grainger can help customers achieve their sustainability goals by providing products and solutions to help run their facilities in an environmentally responsible manner while removing costs from their operations.

Our Customers

As a leading supplier of Maintenance, Repair and Operations (MRO) materials for facilities, Grainger has identified thousands of products that can help organizations “go green.” These products span four categories to help customers identify solutions to help them achieve their sustainability goals:



Products that **conserve energy** reduce costs and emissions associated with the burning of fossil fuels.



Products that improve **indoor air quality** contain less toxins helping to provide employees, customers and janitorial staff with a safer environment to work and do business.



Products that **reduce waste** help preserve our natural resources. This category includes items that help promote recycling and those that are made from renewable resources.



Products that **conserve water** help reduce water and sewer costs as well as preserve one of nature’s most precious resources.

Helping to educate our customers is key to Grainger’s sustainability goals. Grainger partners like GE, Georgia Pacific, 3M, American Standard, Sloan, Hubbell, Ramsey and Lutron are just a few that offer training and audits to help “green” facilities across the country.

Our Partnerships

Being a leader means partnering with decision makers and other leaders in the industry. Grainger is a proud member of the U.S. Green Building Council, an ENERGY STAR Partner and a WaterSense Partner. Additionally, Grainger has strong relationships with major “green” product certification programs such as Green Seal, EcoLogo, the Environmental Protection Agency’s Design for the Environment program and the GREENGUARD INSTITUTE.

In October 2008, Grainger became the first industrial distributor to take the pledge for the Department of Energy’s Quality Advocate program. As a Quality Advocate, Grainger has agreed to require all suppliers of LED products to provide performance test data. By making this commitment, Grainger helps to ensure that our customers receive quality LED lighting products accompanied by accurate and informative data about the environmental benefits and impact.



In 2009, as a result of ENERGY STAR products sold through Grainger, customers saved an estimated 110 million kWh/year, equivalent to electric bill savings of \$15.4 million. The electricity savings is enough to light every household in Washington, D.C. for 105 days, and the carbon emissions reductions is equivalent to removing 17,000 cars per year. *Source: ENERGY STAR*

Our Operations

Grainger is determined to set a new MRO standard for sustainable, environmentally safe operations. From adopting Leadership in Energy and Environmental Design (LEED) standards for new branch construction, to participating in numerous recycling programs, to working with the U.S. Green Building Council, the company is helping to preserve the natural resources within the communities where it does business. Grainger is the first industrial distributor to have LEED certified facilities. Grainger currently operates over 1 million square feet of LEED certified space. LEED certified facilities are not only more environmentally responsible, but also reduce energy costs by 30 percent, water usage by 35 to 50 percent, and overall waste by as much as 90 percent.

Other important initiatives include:

- In 2009, Grainger recycled over 1,800 tons of cardboard and paper in our distribution center operations, an increase of 34% over 2008.
- 100 percent of Grainger electronic equipment waste was recycled and kept out of landfills.
- Many Grainger branches have switched to a green cleaning program to maintain our facilities.
- In 2009, Grainger became the first and only industrial distributor to be recognized as an EPA SmartWay certified shipper. This means Grainger has partnered with carriers to deliver products in an environmentally responsible manner.
- Grainger is developing focused efforts around consolidating orders to use fewer boxes that will result in reduced waste.



Grainger's LEED GOLD branch in New Iberia, LA is one of 12 LEED facilities.

LEED Certified Facilities

In October 2008, Grainger became the first industrial distributor to have a LEED certified facility. To date, we operate 12 LEED facilities.

- Gonzales, LA, Branch
- Houma, LA, Branch
- New Iberia, LA, Branch
- Savannah, GA, Branch
- South Baton Rouge, LA, Branch
- Sulphur, LA, Branch
- Call Center, Waterloo, IA
- Chicago, IL, Offsite Storage
- Corporate Headquarters, Lake Forest
- Jacksonville, FL, Distribution Center
- Mexico DC/HQ Monterrey, MX
- New Hyde Park, NY, Branch

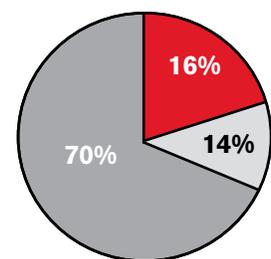
Corporate Social Responsibility

Grainger takes seriously its role in helping to ensure our communities remain viable far into the future. Across our international communities, Grainger and its employees continue to uphold the rich tradition of help and support. In 2009, Grainger donated more than \$16 million to not-for-profit organizations through cash, product and employee matching gifts.

Grainger continues to expand its commitment to emergency preparedness and relief as well as technical education. Through its two signature philanthropic programs – Ready When the Time Comes, a national volunteer program, and the Grainger Tools for Tomorrow® scholarship program, Grainger and its employees support the vitality and future of our communities.



2009 Charitable Contributions



■ Product ■ Cash ■ Matching Gifts

In 2009, the total value of Grainger's charitable contributions, including product and cash donations, was \$16 million.