2024 ESG REPORT

Empowering **people**, preserving **our world**, and serving as a **trusted partner.**

FASTENAL®

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Unless noted, goals and other data in this report reflect our global operations.

Welcome!

Thank you for taking the time to read Fastenal's 2024 Environmental, Social, and Governance (ESG) Report. This is our third ESG report, and it covers our progress and performance in 2023.

In last year's report, we spoke about the completion of a materiality assessment to define and prioritize our key ESG issues. During 2023, we took the next step to define our ESG vision, pillars, and strategic objectives. The following two pages provide an overview of how we define ourselves in the marketplace and how we define our vision: **empowering people, preserving our world, and serving as a trusted partner**. The rest of the document takes a deeper dive with these themes.

The language and metrics surrounding ESG haven't always felt intuitive for us. To help us bridge gaps and become more comfortable in telling our story, we searched inward and sought expertise from outside our organization. As our understanding improved, we realized many activities and priorities that fall under the broad umbrella of "ESG" naturally align with who we are, how we operate, and what we've always believed in as an organization.

For example, it is very natural for us to operate with, and talk about, a belief in people, a belief in people development, and a desire to achieve growth through customer service. We also believe a frugal operating style (a defining characteristic of Fastenal for 55-plus years) is the natural place from which to prioritize the environment. This helps us share a story around a deeply-rooted tendency to preserve resources, reduce consumption, and help our customers do the same. As you read through the document, we hope our sincerity regarding these and other topics shines through.

As mentioned in the closing of our last two ESG report introduction letters, the "Blue Team" at Fastenal is working hard to be a force for positive change – in our operations, in our communities, for our customers, and across global supply chains. We are proud to share our story.

Go BLUE!

***- Dan Florness**, President & CEO*

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA

CDP SUPPORTER 2023

Who We Are

Organizations partner with Fastenal* to reduce cost, waste, risk, and growth constraints in the supply chain for a broad range of industrial and construction supplies. By helping our customers operate more efficiently and productively, our role is elevated from “supplier of products” to “strategic supply chain partner.”
Our strategic supply model requires end-to-end capabilities, including:

- **Robust global sourcing and quality operations**
- **A geographically-diverse and closely-managed supplier base**
- **A network of regional distribution centers, vehicles, and in-market servicing locations**
- **Tens of thousands of inventory management solutions embedded within customer sites**
- **And at the heart of it all, a great local team to support and serve our customers**

In short, we are able to impact and improve the supply chain because, to a large extent, we *own* it – from the source, to the last mile, to the point of use. This presents an exciting challenge for our ‘Blue Team’ – to pioneer more sustainable ways to procure, transport, and use products; to help hundreds of thousands of organizations operate more efficiently and responsibly; and to make a positive impact that extends well beyond our own operations.

Where Industry Meets Innovation

Sustainability is an intrinsic feature of this strategic supply model. When organizations partner with Fastenal to avoid over-consumption, obsolete inventory, redundant purchases, expedited ordering, and overlapping deliveries from multiple vendors, they’re taking waste out of their business and the environment.

Our technology solutions create a new level of visibility and understanding – what products the customer has readily available, where they’re located, and how they’re used in the business. This insight illuminates trends and opportunities for the customer to operate more efficiently. It also allows our teams to be more strategic and efficient in how we manage the upstream supply chain.

Today, we’re building upon our core service model and technology platform to provide customers with a suite of Sustainability Solutions designed to help them reduce environmental impacts across four broad areas: prevention, consumption reduction, product life extension, and recycling and recovery. (Learn more on pg. 43.)

Go to About Us | Go to ESG | Go to Investor Relations

*Fastenal, together with our subsidiaries, are herein referred to as "Fastenal" or by terms such as "we," "our," or "us."

ESG Strategy and Vision

Our ESG Vision

As a catalyst for innovation and positive change, we strive to provide exceptional value to our customers by empowering people, preserving our world, and serving as a trusted supply chain partner.

	Strategic Objectives	Relevant Topics
Empowering People	We foster a safe and welcoming workplace for all, prioritize employee development, and empower our "Blue Team" to achieve positive outcomes for themselves, our customers, and the community.	• Employee safety/wellbeing • Diversity, equity, and inclusion
Preserving Our World	We work to reduce consumption and environmental impacts throughout our operations and provide solutions to help our customers do the same.	• Energy efficiency • GHG emissions • Sustainable products/materials • Waste management
Serving as a Trusted Partner	As a vital part of our customers' operations, we are committed to providing a supply chain that is efficient, resilient, and responsible.	• Business ethics • Product quality and safety • Supply chain resilience • Responsible supply chain

Fastenal at a Glance: Key Stats Regarding Our Global Business in 2023

23,201 employees. **71%** directly serve our customers

Our strategic supply model starts starts with a simple premise:

great people, close to the customer, with a passion for learning and growth.

874,000+ Fastenal School of Business trainings completed

*Our local team operates in **3,419** in-market operating units across **25** countries. **64%** of our **$1.5B** in inventory is staged locally or within customer sites for same-day access.*

1,597 traditional branches

1,822 Onsite operations

*Service through our traditional branches and Onsite operations is enhanced by a variety of technology solutions. **56.1%** of our total revenue flows through this "Digital Footprint."* [1]

113,138 weighted FASTBin/ FASTVend installations (MEUs[2])

eCommerce
Improves the efficiency of procurement/purchasing processes.

FASTStock℠
Using mobile technology to illuminate inventory and simplify replenishment.

FASTBin™
Point-of-use devices with embedded technology providing a 24/7 sightline to the customer's current inventory state.

FASTVend™
Providing secure access and usage tracking close to the point of use in a customer's facility.

These Fastenal Managed Inventory (FMI®) programs represented **40.3%** of total sales in 2023.

This core model is supported by a range of high-touch services and high-tech solutions to help customers solve problems and gain efficiencies.

High-Touch Services

620+ supply chain professionals[3] including **130+** on the ground in Asia

Roughly 90% of the product tonnage moved between our DCs and in-market locations is transported via Fastenal-owned trucks

420M products made, modified, or maintained by our manufacturing and industrial services teams

580+ subject matter specialists (e.g., Lean Solutions, safety, engineering, metalworking)

High-Tech Solutions

Mobile apps – simplifying ordering and other processes

FAST360° – tools to visualize inventory locations and status

Trajectory – tracking how vended products are used in the business

FASTCrib℠ – software to manage requisitions, inventory, and assets

eProcurement Integration – automating processes while improving accuracy and visibility

[1] *Our Digital Footprint is a combination of our sales through FMI Technology (FASTStock, FASTBin, and FASTVend) plus that portion of our eCommerce sales that do not represent billings of FMI services.*
[2] *Machine Equivalent Units (MEUs).*
[3] *Includes individuals specializing in the following: sourcing, quoting, purchasing, supplier development and operations, compliance, and logistics.*

Governance

"G" is the last letter in "ESG," but responsible governance is where ESG begins. Even in a decentralized organization like Fastenal, employees look to leadership to define goals, set standards, provide resources, and prioritize areas of focus. This section will focus on the personnel, procedures, and guidelines we've put in place to promote ESG success and guide ethical actions across the organization.

Board of Directors

Fastenal's board of directors is composed of a diverse group of individuals with varying backgrounds and experiences. This group is responsible for the oversight of enterprise risk, including ESG matters, and receives leadership and guidance on these topics from the committees of the board. Eight of the eleven directors, including the chair of the board, are independent, which helps to broaden our perspective and deepen our understanding of ESG issues. The full board has assigned the nominating and corporate governance committee the primary duty to oversee corporate governance matters subject to board oversight and sets high standards for the company's employees, officers, and directors. Among its priorities are corporate responsibility, human capital management, and sustainability. The topic of ESG, including climate-related issues, is on the full-board meeting agenda a minimum of twice per year and is on the committee agenda quarterly.

On matters of enterprise risk, including ESG matters, the full board has oversight responsibility and receives leadership and guidance from three standing committees composed exclusively of independent members.

Nominating and Corporate Governance Committee

Assists the board in maintaining appropriate candidates to serve as directors of the organization. As part of its oversight of the company's ESG initiatives, this group receives quarterly updates from the ESG team and proposes relevant topics to be included in the quarterly board meeting agenda.

Audit Committee

Assists the board by overseeing the accounting and financial reporting process of the company and audits of the financial statements of the company. The committee also has oversight of the independent auditor's qualifications, independence, and performance; the performance of the company's internal audit functions; management's process to monitor, control, and report on significant corporate risk exposures (including those related to ESG); and the company's compliance with legal and regulatory requirements.

Compensation Committee

Assists with the structure and approval of executive compensation plans. Responsibilities include a duty to assess the impact of the company's compensation programs on risk and recommend policies deemed necessary or advisable in order to mitigate risks related to compensation and human capital management.

These committees, and the board as a whole, help to maintain Fastenal's strong commitment to ethical and responsible business practices, fostering an environment in which we act with integrity and respect for each other, our customers and suppliers, our communities, and the environment. Learn more about our board of directors in the 2024 proxy statement on our investor resources site.

ESG Management

Nominating and Corporate Governance Committee

This committee serves as a liaison between the full board of directors and the ESG team, providing oversight to help integrate ESG initiatives into our overall growth strategy. It consists of five directors, each of whom qualifies as an independent director.

Community of Practice

Our ESG Community of Practice is made up of leaders and subject matter experts from various areas of the business that are essential to the success of our goals. This group is responsible for continuous improvement to core aspects of our ESG program, including roadmap execution, reporting and disclosure, and continued development of our customer-facing solutions. The ESG Community of Practice is designed to facilitate structured and consistent communication, allowing ESG champions from across the organization to work collectively. In 2023, the group launched the Learning Loops series, which allows members to share stories, experiences, and knowledge on a regular basis. The goal is to learn from one another and broaden our knowledge base as we work toward Fastenal's ESG vision.

Materiality Assessment, ESG Vision and Strategy

As mentioned in our previous report, in 2022 we engaged with leading third-party consulting firms to help us clarify our ESG priorities, vision, and strategy. The first phase of the project, completed in late 2022, was a materiality assessment* to define and prioritize key ESG issues impacting our company and our stakeholders. Working with our outside advisors, we referenced external reporting frameworks (including GRI, SASB and TCFD), considered material issues identified by various raters and rankers, and conducted a benchmarking analysis regarding ESG risk in our industry. We also conducted interviews with key stakeholders, including customers, employees, investors, and suppliers. From this assessment process, we identified a priority list of our most significant ESG topics. (We intend to revisit and update our materiality assessment at least every five years.)

The second phase, completed in April 2023, centered on defining our ESG vision, pillars (see below), and strategic objectives based on those topics we identified as most significant. Throughout the year, our Community of Practice worked to solidify short-term goals (1 to 3 years), medium-term goals (3 to 5 years), and long-term goals (5 to 10 years), creating a roadmap to work toward our strategic objectives over a multi-year time horizon.

Empowering People

Preserving Our World

Serving as a Trusted Partner

*In conducting this prioritization exercise as part of our effort to clarify our ESG priorities, vision and strategy, we have made use of GRI and SASB guidance for "materiality" assessments. This guidance for seeking stakeholder impact and determining priorities refers to "material" topics to reflect the issues of importance to us and our stakeholders. Used in this context, these terms are distinct from, and should not be confused with, the terms "material" and "materiality" as defined by or construed in accordance with securities law or as used in the context of financial statements and reporting.

Responsible Sourcing

As a strategic supplier, we believe Fastenal has a responsibility to stay in sync with an ever-changing landscape of global regulations, supply chain risks, and industry demands. To that end, we maintain multiple teams of compliance specialists around the world with the expertise to ensure the products we supply meet or exceed applicable standards and regulations across global supply chains. Our processes are regularly updated in response to new and changing regulations, business needs, and customer expectations; however, we maintain a consistent focus on the following areas to mitigate risk for ourselves, our customers, and other stakeholders.

Supplier Compliance

Through our supplier terms and code of conduct, we require our suppliers to comply with all applicable regulations. We conduct risk analyses of suppliers who want to do business with us, which as a baseline includes obtaining supporting documentation regarding quality, capacity, and labor practices. We are committed to building relationships with well-qualified suppliers that meet our standards for quality, ethics, sustainability, and reliability. Conformance to our supplier code of conduct is required to become, and maintain good standing as, a supplier to Fastenal of any supplied material or service. (This expectation is reinforced in each Fastenal purchase order, which references our supplier code of conduct and purchase order terms and conditions.) We evaluate suppliers' compliance with these standards in determining whether to grant or continue preferred status. Suppliers that do not comply with this code of conduct may be disqualified from preferred status and/or have their business relationship with Fastenal terminated. To learn more about our supplier terms and code of conduct, visit Fastenal's Legal Information page.

Import Control Policy

To establish visibility and control early in the supply chain, we operate a global sourcing division known as FASTCO (Fastenal Asia Sourcing and Trading Company). This resource is made up of more than 200 Asia-based personnel, including factory auditors, engineers, procurement professionals, quality specialists, and logistics specialists, allowing us to closely monitor risks and opportunities and maintain a high level of control over product quality. It also includes five international A2LA-accredited quality labs (in addition to the four A2LA-accredited labs we operate in the United States), which provide comprehensive mechanical and chemical fastener analysis. Product testing is conducted to internationally recognized standards as well as customer specifications.

Product Transparency

In addition to the controls and processes described above, Fastenal's compliance team works to provide visibility to the product attributes we believe are most important to our customers. This includes using the following icons on our eCommerce platform, other marketing channels, and point of sale system to help customers make informed purchasing decisions.

Restricted Product | Safety Data Sheets (SDS) | CA Proposition 65 | REACH | RoHS | Conflict Minerals

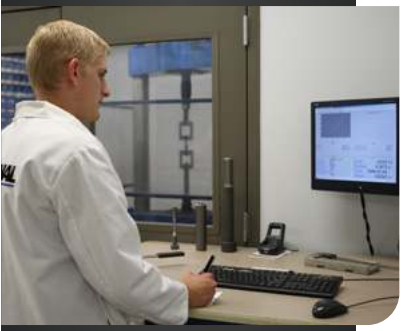
Learn more about the customer support and documentation we provide regarding material declarations, conflict minerals, REACH, and RoHS.

Forced Labor Policy

Fastenal maintains a strong stance against the use of forced labor within any tier of our supply chain and actively works with our suppliers to monitor, educate, and address any potential compliance concerns. Forced labor prevention expectations are written into our supplier code of conduct. In addition, our teams execute supplier documentation reviews, on-site audits, internal and external trainings, risk assessments, and material origin reviews.

Supply Chain Security Policy

As both an importer and exporter, Fastenal has been a member of the United States Customs and Border Protection Agency's Customs Trade Partnership Against Terrorism (CTPAT) program since 2009. This supply chain security partnership program is designed to secure and facilitate the movement of legitimate international trade and improve security throughout the supply chain, from the point of cargo origin to the final import destination. The program provides a foundation for Fastenal's risk-based approach to supply chain security. It guides our employee training curriculums, internal facility audits, vendor security campaigns, warehouse security measures, and freight tracking procedures; and it is the controlling policy document that outlines Fastenal's internal expectation regarding forced labor controls.



Quality Control

Our current quality management system is registered to ISO 9001:2015 and certified by TUV Rheinland of North America. This certification covers 73 locations, including all distribution centers, industrial services centers, internal manufacturing locations, FASTCO, and select in-market servicing locations. In addition to controlling our internal quality system, Fastenal operates nine product testing labs as part of our supply chain quality control process. The labs, which are accredited by the American Association for Laboratory Accreditation (A2LA), provide mechanical and chemical analysis to meet internationally recognized standards as well as customer specifications. These internal mechanical testing resources and our access to external accredited labs give us the ability to test products across our scope of supply.

Selection and Monitoring of Corporate Suppliers

This involves multiple stages and teams. First, our supplier intel group does background research on the potential corporate supplier. If they meet basic requirements, our field auditors conduct a pre-audit to collect additional data and samples for lab testing, while our purchasing team verifies whether the pricing is competitive. If the supplier passes the pre-audit, we then perform a full audit of their quality process. (Based on an internal risk analysis, certain suppliers are also subject to a full audit of their social compliance.) If approved, the supplier can be issued a vendor number and activated in our system. All corporate suppliers are evaluated monthly with quality performance scorecards.

Product Alerts and Recalls

Our quality management system includes well-defined processes for product alerts and recalls. These can be initiated either internally by Fastenal (based on product testing in our A2LA-accredited labs) or externally by our supply chain partners. Recalls and alerts are classified into four levels:

- **Level A** is an alert only, prompting us to remove the product from our distribution centers.
- **Level B** is also an alert only, but in this case the product is removed from both our distribution centers and our in-market servicing locations (branches and Onsites).
- **Level C** is an internally-initiated recall whereupon we remove the product from all Fastenal locations and notify customers of the product failure.
- **Level D** is a vendor-initiated recall. The supplier recalls a specific product, and we communicate the recall requirements to our end-user customers globally.

In a recall or alert situation, Fastenal is able to lock down the product on a corporate level so that it cannot be sold through our point of sale system.

Conflict Minerals Policy

Fastenal's conflict minerals policy provides a framework for compliance with Section 1502 of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd Frank Act"). This section pertains to 3TG minerals (tin, tantalum, tungsten, and gold, which are derivatives of cassiterite, columbite-tantalite, and wolframite) regardless of where they are sourced, processed, or sold. As a United States issuer of securities governed by the Securities and Exchange Commission, Fastenal and its subsidiaries use this policy to guide the implementation and maintenance of our conflict minerals program.

Fastenal expects manufacturers of Fastenal-branded products, custom-engineered products, or other products over which we exert influence through product development or design to have policies and due diligence measures in place that will assure knowledge and notification of products and components that contain conflict minerals. We have partnered with a third-party organization to assist in the collection and validation of information from our suppliers and to help us improve the overall quality of our reporting.

More broadly, we expect suppliers to conduct their business in alignment with Fastenal's supply chain responsibility expectations. In support of this policy, Fastenal will:

- Exercise due diligence with suppliers consistent with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (and encourage our suppliers to do the same with their upstream suppliers).
- Provide due diligence information to customers confirming the applicability and/or compliance of products supplied by Fastenal.
- Continue our involvement with relevant industry groups, such as the Twin Cities Conflict Mineral Task Force, to stay on top of developments, changes, and future requirements.

View Fastenal's most recent Conflict Mineral Report.

Cybersecurity & Data Privacy

Fastenal has received certification to the ISO 27001:2013 information security management system. This certification was achieved through a formal audit process conducted by A-LIGN, an independent and accredited certification body in the United States.

ISO 27001 is an international standard to manage information security published by the International Organization for Standardization (ISO), the world's largest developer of voluntary international standards, and the International Electrotechnical Commission (IEC). Achieving certification to ISO 27001 demonstrates that Fastenal has met rigorous international standards for ensuring the confidentiality, integrity, and availability of data. It reflects our commitment to ensure that security of data and information has been addressed and that proper controls have been implemented in all areas of the organization.

Our information technology (IT) security department is tasked with monitoring cybersecurity and operational risks related to information security and system disruption. The team employs measures designed to protect against, detect, and respond to cybersecurity threats, and has implemented processes and procedures aligned with our information security management system to support and promote resilient programs. This includes:

- Enterprise security framework and cybersecurity standards
- Cybersecurity awareness and training plans
- Security assessments and monitoring
- Restricted physical access to critical areas, servers, and network equipment
- Incident response, crisis management, business continuity, and disaster recovery plans

Fastenal's board of directors and audit committee are actively engaged in the oversight of our information security program. The audit committee receives quarterly reports on information security from our senior vice president of information technology infrastructure and security. Additionally, our executive leadership team is briefed on information security at least once a quarter by members of our IT security, compliance, governance, and audit teams. Any identified risks are included in Fastenal's overall risk management program, and internal and external auditors validate its IT controls on a regular basis.

Fastenal conducts organization-wide cybersecurity training and compliance exercises in connection with our information security program. This training consists of educational material and compliance testing administered annually to all Fastenal employees, which is tracked and recorded throughout the year. Results and progress are shared with executive leadership and the audit committee each quarter.

In our continued commitment to maintaining a strong internal control environment, Fastenal underwent a System and Organization Controls (SOC) 2 examination from an independent auditor (risk3sixty Compliance, LLC) and received a SOC 2 Type 2 attestation report. The SOC 2 Type 2 report covers the suitability of the design and operating effectiveness of controls over a period of time. The scope of the report covers Fastenal's service commitments and system requirements based on the Trust Services Criteria relevant to security and availability (AICPA, Trust Services Criteria).

Ethics & Compliance

Business Conduct

At Fastenal, we are committed to operational excellence, ethical and responsible conduct, fair and respectful treatment of all individuals, and practices that promote safety, health, and environmental protection. Although we have not joined the UN Global Compact, we endeavor to incorporate the Ten Principles of the UN Global Compact in our operations, including our supplier code of conduct. We conduct risk analyses of suppliers who want to do business with us, which includes obtaining supporting documentation regarding quality, capacity, and labor practices. We are committed to building relationships with well-qualified suppliers that meet our standards for quality, ethics, and reliability.

Conformance to our supplier code of conduct is required to become, and maintain good standing as, a supplier to Fastenal of any supplied material or service. We evaluate suppliers' compliance with these standards in determining whether to grant or continue preferred status. Suppliers that do not comply with our code of conduct may be disqualified from preferred status and/or have their business relationship with Fastenal terminated. To learn about our supplier terms and code of conduct, visit Fastenal's Legal Information page.

Policies and Trainings

New employee orientation involves a review and acceptance of our policies and procedures guide and our standards of conduct, which include applicable policies and expectations regarding human rights, business ethics, anti-bribery, anti-corruption, cybersecurity, workplace harassment, unconscious bias, and employee health and safety. The standards of conduct and applicable policies are reinforced for hiring managers through additional trainings within our Leadership Training Plan, a manager-focused curriculum developed by our internal training department, the Fastenal School of Business. Managers are automatically enrolled in this curriculum, which includes trainings on coaching, business ethics, recruiting, and other topics related to fair and effective leadership.

Compliance Trainings

As part of our people-centered culture, Fastenal invests in comprehensive, career-long employee training and development through the Fastenal School of Business, including training focused on the environment, ethics, and labor and human rights. Below is a summary of employee participation in trainings related to these topics in 2023, 2022, and 2021.

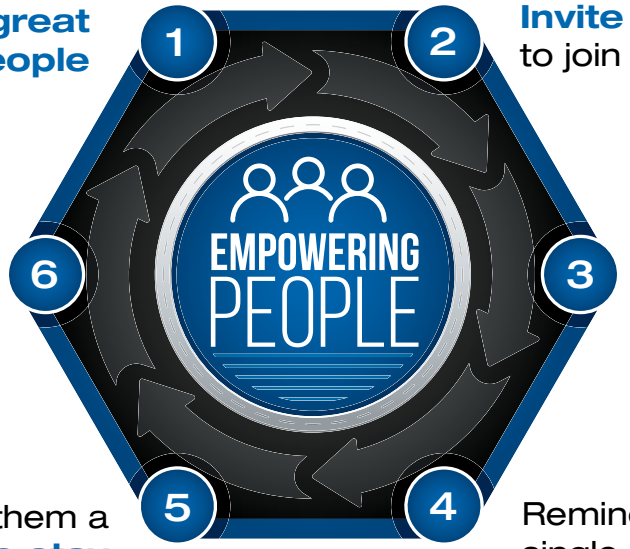
	Completions	Sum of Total Hours	Completions	Sum of Total Hours	Completions	Sum of Total Hours
2023	39,499	30,095 Hours	182,883	64,518 Hours	118,132	58,854 Hours
2022	50,954	36,916 Hours	138,393	45,718 Hours	114,464	57,991 Hours
2021	28,410	24,659 Hours	125,444	47,252 Hours	106,246	50,725 Hours

Empowering People

"The greatest resource in the world is **the human individual**, with each individual having **enormous potential to do wonderful things**."

Bob Kierlin, Fastenal Founder

Our people-centered strategy can be summarized with some simple thoughts:



1. Find **great people**
2. **Invite them** to join
3. **Challenge them** to teach, learn, and be willing to change
4. Remind everyone that no single group of people has a monopoly on **talent, ambition, or ability**
5. Give them a **reason to stay**
6. **Promote** from **within**

Human Rights and DEI

Human Rights

Fastenal is committed to complying with all applicable labor and employment laws and regulations in every country and jurisdiction in which we operate. These include but are not limited to: antiharassment and discrimination in all aspects of employment; employees' freedom of association and the right to collectively bargain; prohibitions on child labor, forced labor, or any form of human trafficking; and fair wage and hours requirements. Fastenal also expects its suppliers and vendors to comply with all applicable laws and regulations.

Diversity, Equity, and Inclusion

The approach described on the preceding page fosters a workforce that is not only talented and empowered but also increasingly diverse. As of December 31, 2023, we had 23,201 employees worldwide. 18,539 of those employees were located within the United States, 3,038 employees were located in Canada and Mexico, and 1,624 were located in 24 other countries around the world.

Non-Discrimination

It is Fastenal's policy to provide equal employment opportunity for all employees and applicants for employment in accordance with all applicable federal, provincial, state, and local executive orders, regulations, and laws. We will not engage in any form of prohibited employment discrimination. This includes discrimination on the basis of race, color, creed, gender, religion, national origin or citizenship status, disability, age, genetic information, marital status, status with regard to public assistance, sexual orientation, gender identity, familial status, veteran status, or any other protected classifications.

View our Equal Employment Opportunity/Affirmative Action Policy Statement.

Diversity Data & Reporting

As indicated in the EEO-1 data below, women and minorities constituted 24.0% and 23.6%, respectively, of our United States workforce at year-end 2023. Based on U.S. Bureau of Labor Statistics data, our mix of female and minority employees is generally consistent with that of the manufacturing and construction industries, which, as our primary end markets, provide useful context for our workforce recruiting pool, composition, and trends.

U.S. Data (2013–2023)

Year	Males	White	Minority	Females	White	Minority	Minority Total
2023	76.0%	58.8%	17.2%	**24.0%**	17.6%	6.4%	**23.6%**
2022	75.9%	59.6%	16.2%	**24.1%**	17.8%	6.3%	**22.5%**
2021	75.8%	60.6%	15.2%	**24.2%**	18.4%	5.8%	**21.0%**
2020	75.5%	60.6%	14.8%	**24.4%**	18.7%	5.6%	**20.4%**
2019	75.4%	60.3%	15.1%	**24.5%**	18.8%	5.7%	**20.8%**
2018	76.1%	61.2%	14.8%	**23.8%**	18.6%	5.2%	**20.0%**
2017	77.2%	63.1%	14.1%	**22.7%**	18.0%	4.6%	**18.7%**
2016	78.0%	64.4%	13.5%	**21.9%**	17.6%	4.2%	**17.7%**
2015	78.9%	66.3%	12.6%	**21.0%**	17.2%	3.8%	**16.4%**
2014	80.1%	68.6%	11.5%	**19.8%**	16.4%	3.4%	**14.9%**
2013	81.2%	70.4%	10.8%	**18.7%**	15.9%	2.8%	**13.6%**

In reviewing the table, a few trends stand out. First, following a steady rise from 2013 to 2019, the proportion of women in our workforce has declined slightly in each of the past four years (starting in 2020, a year of sweeping social disruption). It has been a frustrating trend, but we're taking steps to regain our momentum. For example, we've made family-friendly improvements to our U.S. employee benefits program, including a hybrid work option for certain roles, a paid family and medical leave benefit, and increased flexibility for paid time off. (The latter two policies were effective January 1, 2024.) We've also focused our recruiting and retention efforts, which includes an expansion of our recruiting team to engage with a larger talent pool on the local level.

Second, and on a more positive note, we saw another significant improvement in our minority workforce composition in 2023. And third, viewed over time, there is a clear trend toward greater diversity in our business. Our female and minority workforces have grown 2.2x and 3.8x faster, respectively, than our overall U.S. workforce over the last ten years.

This progress reflects a few core trends in our business. One is our concerted effort to standardize and improve our hiring practices (more on this to follow). Another is our ongoing geographic expansion, which has made our footprint much less Midwest-centric over time, in turn making our U.S. workforce more reflective of the country as a whole. A third trend is our evolution from a fastener-centric distribution company to a technology-driven supply chain solutions provider, which may appeal to a more diverse applicant pool. In light of these long-term dynamics, we expect the trend toward greater diversity in our workforce to continue over time.

Employment

Recruitment

Our cultural values – Ambition, Integrity, Innovation, and Teamwork – are woven into the fabric of our human resources processes and protocols, starting with our employment process. These values serve as guideposts for leaders throughout the organization as they administer and adhere to the system and processes. The ultimate goal is straightforward: make the candidate pool as expansive and inclusive as possible, and hire the candidate who is the best match for the position based on their skills and abilities. In light of our cultural priority to promote from within, we know we are welcoming a potential future leader with every new hire. And in the spirit of decentralized decision-making, all hiring managers complete their own interviews and make local hiring decisions.

Hiring

The cornerstone of the hiring process is our Applicant Tracking System, which was designed internally by our diversity and compliance team. This system facilitates data collection and storage while also streamlining a multi-step process. The diversity and compliance team reviews and approves the job openings for posting via our intranet site, our external websites, and the many post-secondary schools we work with across the country. To further diversify our outreach efforts, we partner with Circa, which each day shares the job postings from the Fastenal.com Careers page with more than 600 diversity-focused employment and local job boards within the Circa network.

After job openings are posted, the diversity and compliance team completes all initial application screening and phone interviews for interested candidates. The qualified candidate pool is then sent to the hiring manager for first and second interviews, during which candidates are asked standardized questions based on the requirements of the position. The candidate's responses are noted by the hiring manager, and all interview questions and responses are sent to the diversity and compliance team when interviews have been completed. All records are reviewed by the team, and dispositions for the candidate pool are entered and finalized. It's a thorough process – this team reviews the results of each pool and is responsible for managing all record-keeping.

In keeping with our decentralized culture, we believe the person best suited to make a hiring decision is the leader who is trying to fill the opening. While the process described above may appear rigid, it is designed to ensure consistency and fairness while still allowing hiring decisions to be made locally. This process is followed for all new hires as well as any internal transfers and promotions.

Promoting From Within

We have always believed that promoting from within is the best way to reward our employees' hard work, excellent performance, and modeling of our values. We are committed to developing leaders who embrace our values, have a deep understanding of the business and a proven record of success, and in turn merit the respect of the team. This commitment is reflected in the experience required to advance to a leadership role. Advancement within the organization is based on hard work and execution of performance expectations. The promotion pathway is challenging, but it offers a powerful incentive for those with the determination and motivation to be successful, to develop and mentor co-workers, and to model our cultural values.

Go to Careers

Training & Development

Fastenal School of Business

Fastenal continues to invest in employee training and development through our corporate university, the Fastenal School of Business (FSB). FSB's professional staff focuses on course research, design, instruction, and employee advising to continually develop, maintain, and deliver Fastenal-specific training. Course offerings are available to all employees in areas such as sales, leadership, products, distribution, human resources, and safety. We also encourage employees to participate in additional training for specialized or technical areas outside of what FSB offers. In 2023, employees completed more than 874,000 FSB trainings (in addition to outside trainings). This involved, on average, 25 hours of training per full-time employee and 23 hours of training per part-time employee during the year.

Creating Pathways for Success

To meet the needs of employees across the planet, FSB provides training through various delivery methods and strives to accommodate all styles of learning. That said, there is a globally consistent goal: continually enhance the knowledge and skills of our workforce, thus improving customer satisfaction and empowering employees to move forward in their careers. Our training culture reflects Fastenal's core belief in people and longstanding commitment to provide opportunities for promotion from within. By making role-specific training plans available to everyone in the organization, FSB provides clear pathways for employees to be successful in their current roles and to prepare for future roles.

Developing Great Leaders

Managers (i.e., those positionally responsible for leading others) are automatically enrolled in our Leadership Training Plan, providing trainings on coaching, business ethics, recruiting, and other topics related to fair and effective leadership. It includes our flagship *LDR450: Leadership Enhancement Program* (which covers topics like dilemma management, leader influence, and emotional intelligence) as well as our long-standing leadership course titled *LDR210: Coaching*.

In the third quarter of 2023, two new leadership courses were introduced. The first course is *LDR410: Leading Talent Planning and Development*, which focuses on talent planning, assessing future potential, succession planning, collaborating on individual development plans, and having development conversations to build a strong future. The second course, *LDR209: Mentoring Practices for Shared Growth and Success*, focuses on mentoring skills, relationships, and consolidating learning from mentoring.

Measuring Training Effectiveness

As we strive to consistently develop and deliver effective, efficient, and engaging training, it's important that we methodically assess our training to determine if we're meeting that goal and uncover opportunities for improvement. For each training, we use several methods to gauge employee knowledge and skill progression. These methods include (but are not limited to) knowledge checks, simulations, role plays, quizzes, tests, and business plans. Many of our classroom trainings are followed by on-the-job assignments, which allow employees to apply learned skills in their daily business and submit responses to their instructor for feedback and assessment. We also collect responses from employees via course evaluations, providing students with an opportunity to share their perspectives on the overall effectiveness of the course, the materials provided in the course, and their instructors. All of these measures help us continuously assess, update, and improve courses to keep the training relevant and valuable to our employees.

Workplace Health & Safety

Our employees continue to distinguish Fastenal as a leader in workplace health and safety. We continually encourage safety participation through new-employee trainings and ongoing coaching, audits, inspections, risk assessments, safety committee meetings, and first-responder programs. In 2023, we completed nearly 214,000 health and safety activities, an increase of 7% compared to 2022. In addition to engaging 23,000-plus employees across the organization, our environmental health and safety (EHS) & sustainability team continually strives to reduce risk by improving facility conditions and operational processes. The high-level goal is to reduce our total recordable incident rate (TRIR) by 5% annually.

Branch & Onsite Programs

Our network of more than 3,400 in-market operating units continues to be a key focus of our safety programs. Employee onboarding, a 90-day new hire program, leadership development, and facility condition assessments all play a role in instituting safe standards and practices. Through our onsite employee safety program, we strive to meet customer expectations and vetting requirements, which can include working with third-party verifiers to develop individual risk site assessments and site safety plans to minimize safety risks related to our employees.

Operations & Manufacturing Programs

Proactive employee engagement is the key to Fastenal's safety culture. Programs such as job safety observations, near-miss reporting, toolbox talks, and trainings promote employee engagement and participation. A prime example: Our near-miss program incentivizes employees to report potential hazards to management before they lead to injury-related incidents. In 2023, employees in our North American distribution centers and manufacturing facilities participated in 5,813 more near-miss activities compared to 2022, reflecting their commitment to workplace safety. More generally, ideas and feedback from employees are playing a vital role in driving continuous improvement to our EHS programs.

Fleet & Transportation Programs

With nearly 10,000 vehicles in operation, Fastenal continues to make fleet safety a priority. Employees participate in a variety of internal activities such as defensive driving, safe work practices, regular vehicle inspections, and load securement trainings – just a few of the many programs that help us reduce risk and improve safety for employees (and others) on the road. In 2023, employees completed a total of 21,897 transportation safety trainings, defensive driver trainings, and job safety observations, a 33.5% increase versus 2022.

View Our 2024 EHS Report

Health and Safety Impact

Our focus on employee engagement is producing excellent results. A widely accepted measure of organizational health and safety is the Experience Modification Rate (EMR). An organization's EMR is determined by the National Council on Compensation Insurance (NCCI) based on a comparison of its past and expected losses incurred through workplace injuries versus other organizations in its industry. The NCCI factors in variables such as the number of employees and the mix of job classifications to group organizations with similar characteristics into industries. Industry averages are benchmarked at an EMR of 1.00. A reduction from this rate reflects an organization's ability to implement superior safety procedures and protocols, resulting in a safer environment (with reduced personal and financial risk).

In 2023, Fastenal had an EMR of 0.49, which is 51% better than the average performance rate for our industry group.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fastenal EMR (Experience Modification Rate)	0.49	0.52	0.45	0.47	0.48	0.48	0.55	0.72	1.24	1.32	1.63	1.75
Industry Average EMR	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Delta (Fastenal vs. Industry)	-51%	-48%	-55%	-53%	-52%	-52%	-45%	-28%	24%	32%	63%	75%

Awards and Programs

Community Engagement

Since our start in 1967, Fastenal's founders have always believed in giving generously while staying out of the spotlight. They also believed in decentralized decision-making, which included empowering local employees to take the lead in company-sponsored community efforts. Today, this spirit shines through in local markets across the planet where our employees contribute to their communities through volunteering and donations. To provide resources and structure for these efforts, we're working to build a sustainable community strategy focused on the following areas.

Pillars of Community Engagement

- Youth Development
- Workforce Development
- Community Development
- Veterans & First Responders
- Wellness

In 2023, Fastenal gave monetary donations of $2.1 million to various organizations supporting these pillars. We also made in-kind donations (through our local branches and distribution centers) to various organizations and disaster relief efforts.

2023 Granite School District Food Drive
Salt Lake Valley, UT

2023 Oncology Hospital of Panama
Panama City, Panama

2023 Angel Giving Tree Event
Winona, MN

BLUE TEAM BLOOD DRIVE

In the fourth quarter of 2022, we launched our Blue Team Blood drive in partnership with the American Red Cross and other blood supply organizations throughout North America and also in India (home to many of our IT employees). With this program, we're committed to hosting in-person blood drives for employees at large Fastenal facilities one to four times per year. We also created a virtual blood drive program, which allows employees, friends, and customers to participate at local community sites around the world. In 2023, we hosted 38 in-person blood drive events at large Fastenal facilities. Through these events and the virtual blood drive program, more than 1,350 units of blood were donated to help patients and save lives. As part of the program, we offer paid time for employees to donate (if they are able) and to assist in organizing and administering the blood drive events. In 2023, employees used this paid-time option to contribute more than 1,900 volunteer hours to this life-saving cause.

Akron, Ohio

Bangalore, India

Edwardsville, Kansas

Modesto, California

Salt Lake City, Utah

Winona, Minnesota

Workforce Development

To support communities and engage with potential future employees, our local teams partner with a variety of educational institutions, from high schools to technical colleges and universities. Local employees lend their expertise to bring educational value to these programs, whether it's teaching courses through programs like Junior Achievement or leading seminars in college business departments. With Fastenal's financial backing, they also contribute to scholarships, classroom equipment, and learning activities. In 2023, we supported more than 50 programs/organizations by providing over $860,000 in monetary donations (41% of our total monetary donations as a company) in addition to providing in-kind donations such as storage fixtures and tools for technical education classes.

Helping to Close the Industrial Skills Gap

As an organization with deep roots in manufacturing and engineering, we are particularly focused on helping to address the deficit of skilled industrial labor in the United States. We believe a renaissance in the trade professions is needed to power future innovation, productivity, and prosperity. We also believe technical training offers a relatively affordable and attainable pathway for students and families in all walks of life to advance economically. By working to close the industrial skills gap, we believe we can create immediate opportunities while contributing to long-term economic security.

In 2023, we continued our ongoing support of Wells Academy, a 501(c)(3) education program that provides manufacturing machinist training and jobs for Native Americans in economically disadvantaged areas of northern Minnesota. Since 2016, we have awarded $320,000 in scholarship funds for Wells Academy, providing significant financial support for the ongoing operation of this one-year program. Wells Academy was founded by Andy Wells, CEO and founder of Wells Technology, a high-precision fastener manufacturer in Bemidji, Minnesota.

Connecting Students With Industry

Fastenal's workforce development efforts including supporting school programs and events that provide opportunities for students to experience the world of industry. For example, in December 2023, we helped fund a field trip for students of Rock Ridge Public Schools in Virginia, Eveleth, and Gilbert, Minnesota to visit Wells Technology in Bemidji (a roughly 2.5-hour drive). The day included a tour of the Wells Technology manufacturing floor and a firsthand look at different jobs and processes.

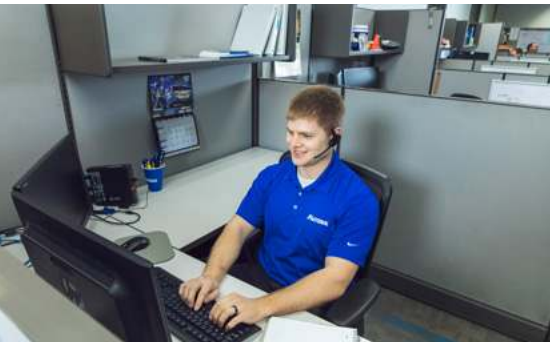
Students heard a presentation from a Minnesota state representative about the North Star Promise Program (providing a tuition-free pathway to higher education for eligible Minnesota residents). They also heard from Andy Wells, founder of Wells Technology, who provided tips on how to start inventing products and emphasized the demand for skilled workers in the manufacturing industry. Transportation for the trip was funded through a grant from Fastenal.

In recent years, our Fastenal Manufacturing division has partnered with several high schools and technical colleges to provide equipment (including lathes and robotic arms), scholarships, tuition and book reimbursement, training, sponsorships, and employment opportunities. What do these programs look like in action? Click here to watch a video about our employer partnership with Minnesota State College Southeast (MSCS).

In 2023, Fastenal became part of a core group of companies and individuals to invest in a three-year pilot of the College Opportunity Program. This program allows graduates of Winona, Minnesota area high schools to attend MSCS without any out-of-pocket tuition costs. Students must first apply for admission to MSCS and also complete the Free Application for Federal Student Aid (FAFSA). The program funds tuition expenses not covered by state or federal grants and also provides additional funds for books and other supplies. By making post-secondary education affordable for all students, the program removes the most common barrier to attending college. It reflects our belief in people, our focus on education, and our commitment to create opportunities for others.

Today's Students May Be Tomorrow's Company Leaders

The regional operation managers at our distribution centers continue to build workforce development partnerships with technical colleges in their communities. A great example is our distribution center in Atlanta, Georgia, which has developed a longstanding relationship with West Georgia Technical College. In 2023, we donated $10,000 to support the expansion of its Commercial Driver's License (CDL) program. Fastenal proudly employs several graduates of the program, including employees who have grown into leadership positions within our organization.



Making Learning Part of the Job

Workforce development also includes investing in our current workforce. Fastenal leadership encourages employees to set aside time during working hours to participate in training through the Fastenal School of Business and other learning programs relevant to their current roles or career aspirations. The training goal is clearly communicated to everyone on the Blue Team: 30 hours per year for full-time employees and 15 hours per year for part-time employees.

Disaster Response and Recovery

When disasters strike, Fastenal employees are able to work together across locations and departments to help our customers, employees, and communities. Our Blue Team Responds program facilitates cross-departmental collaboration to expedite emergency needs, and our in-house trucking fleet allows us to move supplies into disaster zones without having to rely on third-party carriers. A key advantage: having local "feet on the street" supported by layers of regional and nationwide resources. This allows us to proactively plan with strategic customers and government agencies, to react quickly in disaster situations, and to physically distribute urgently needed products in the community.

Helping Others WEATHER THE STORM

The letter below was sent to our local Blue Team after Hurricane Otis hit the Acapulco area in late 2023.

Hello, Blue Team!

Together we make a difference! Our donation campaign to help those affected by the hurricane in Guerrero is paving the way for humanitarian aid. Thanks to everyone who has contributed, we're helping to rebuild lives and provide hope. Let's continue to work together to support those who need it most.

Many thanks to the MRCUA (Cuernavaca, Morelos) branch for serving as our collection center, managing the receipt of donations from all branches, assembling 120 packages, and delivering them directly to Acapulco. The team made the delivery last Tuesday, December 12th, in one of the most remote neighborhoods of the city – an area the government is scarcely reaching.

As an industry, we are uniting in the cause for Guerrero, collecting first aid supplies to assist with the aid coming to affected zones.

A special thanks to District Manager Mariano Galindo for initiating the idea and making us all part of this noble work. We invite you to stay tuned for our campaigns. Our solidarity transcends borders and shows the strength of the Fastenal Blue Team.

-Miguel Ángel Avalos, *EHS & Sustainability Manager*

BK5K Road Race

BK5K SUPPORTING AREA YOUTH

Through our BK5K Road Race program, Fastenal employees organize 5K walk/run events (and free 1K kids races) in multiple communities. All proceeds, including contributions from event sponsors, are provided to 501(c)(3) non-profit youth organizations through a grant process. Since its initial run in 2000, the BK5K has funded 521 grants totaling over $3 million. These proceeds support wide-ranging community requests, from equipment and supplies for sports and educational programs to life needs such as hygiene kits and weekend food boxes for school kids. In 2023, BK5K events were held in 10 cities, and $352,000 was distributed to fund 81 grants. Behind the scenes, Fastenal employees volunteered an estimated 1,400 hours of their time for event planning, fundraising, grant reviews, and race-day coordination to help make the BK5K successful and impactful in their communities.

BLUE TEAM SPORTS

Our Blue Team Sport program supports community wellness by providing free athletic apparel for employees (and their family members) who participate in local sports leagues or programs. Since the program's introduction in 2012, more than 5,900 teams and nearly 60,000 individuals across North America have received Blue Team Sports apparel. In 2023 alone, we outfitted 530 local teams, providing apparel for 5,544 people to participate in a wide range of activities, including baseball, basketball, biking, bowling, cheer, cricket, curling, football, golf, gymnastics, hockey, kickball, lacrosse, powerlifting, rowing, rugby, running, skiing, soccer (football), softball, swimming, tennis, ultimate frisbee, disc golf, volleyball, wrestling, and (the latest addition) pickleball.

Blue Team Giving

In 2023, we introduced the Blue Team Giving program, through which Fastenal matches monetary donations made by employees to fund the causes they care about most. [The only stipulation: It must be a 501(c)(3) public charity that falls under our community engagement pillars.] This crowd-sourced approach to giving reflects our culture of decentralized decision-making – i.e., our belief that the best solutions come from those closest to the problem. Rather than limiting our community focus to corporate-led initiatives, we're excited to empower and support an "army of givers" who are attuned to the needs and priorities of their local communities.

Preserving Our World

Our Strategic Focus

In 2022, we announced our intention to work toward a plan to reach net zero emissions by 2050, including an expectation to establish science-based targets in the coming years. As we progress in our journey, we continue to expand the information we gather and report to CDP (formally known as the Carbon Disclosure Project) in accordance with the Greenhouse Gas (GHG) Protocol. As mentioned in our previous ESG report, we have broadened our reporting to cover the entirety of our scope 1 and 2 emissions from all global business operations. As covered on pg. 31, we recently completed a scope 3 materiality assessment, an important step to further broaden our carbon inventory and establish baselines for science-based targets.

Key Systems and Programs

- We have received third-party certification to the **ISO 14001** environmental management standard. ISO 14001 provides a framework for us to design and implement an effective environmental management system.
- We are an **ENERGY STAR** Partner, demonstrating a commitment to measure, track, and improve our energy performance. We use the ENERGY STAR Portfolio Manager to benchmark our energy use in individual buildings.
- We are proud to be a certified EPA **SmartWay** Partner. This program provides us with tools and best practices to measure, benchmark, and improve our freight transportation efficiency.

Raising the Bar for Efficient Operations

Fastenal's value proposition centers on helping organizations become more resource-efficient across the supply chain. It starts by driving efficiencies within the span we directly control – the vehicles, large facilities, and in-market locations we operate to serve customers across the country and around the world. The following section provides statements pertaining to our scope 1 emissions related to fuel combustion in our furnaces, boilers, and vehicles; scope 2 purchased electricity emissions; and waste diversion related to our own key facilities.

2023 Highlights – Awards & Certifications

We were selected by Newsweek as one of America's Greenest Companies (something only 300 companies in the United States can claim). The rankings reflect an analysis of organizations in the U.S. that have a minimum market capitalization of $5 billion and adhere to the European Union sustainably standard guidelines. Evaluations are based on the companies' greenhouse gas emissions, water usage, water generation, waste generation, and sustainability data disclosure and commitments.

The Business Intelligence Group credited Fastenal for the Sustainability Initiative of the Year within our industry – for our program with Trex Company, Inc. to create a circular economy for plastic waste (see pg. 38). In addition, one of our corporate sustainability managers was asked to join the Business Intelligence Group's judges panel to help advise the business community on tactics for sustainable operations.

We received a silver medal from EcoVadis, signifying that the quality of our sustainability management system ranked in the top 25% of all companies in all industries rated by EcoVadis. We earned our first EcoVadis medal, a bronze, in December 2022. Prior to that, our sustainability programs and reporting did not merit a medal designation. This rapid improvement (from receiving no medal recognition to earning a silver medal within a two-year period) reflects a heightened and long-term commitment to invest in and continuously improve our core processes, systems, and reporting around sustainability.

GHG Management

This year-over-year comparison of our scope 1 and 2 emissions reflects our ongoing efforts to reduce fuel consumption in our fleet operation and energy consumption in our facilities.

Scope	2023 (Metric ton CO2e)	2022 (Metric ton CO2e)
Scope 1*	130,852	132,879
Scope 2**	39,077	40,074
Total* **	**169,929**	**172,953**

Scope 1

Business Division	2023 Scope 1 Emissions (Metric ton CO2e)	2022 Scope 1 Emissions (Metric ton CO2e)
Transportation	113,034	113,453
Manufacturing	3,187	3,494
Distribution Centers	1,925	1,376
Branch Locations	12,706	14,556
Support	-	-
Scope 1 Total	**130,852**	**132,879**

Scope 2

Business Division	2023 Scope 2 Emissions (Metric ton CO2e) Market-based	2022 Scope 2 Emissions (Metric ton CO2e) Market-based
Transportation	-	-
Manufacturing	7,077	7,273
Distribution Centers	11,976	11,776
Branch Locations	19,014	21,025
Support	1,010	-
Scope 2 Total	**39,077**	**40,074**

*Scope 1 emissions are the result of direct fuel consumption by sources we control or own, such as vehicles or boilers. Scope 2 emissions are the result of purchased grid electricity. The data applies to all global business activities.

**Scope 2 data is market-based, not location-based. (Market-based data is considered more accurate and is preferred by reporting frameworks.)

***We refined our methodology while calculating our 2023 Scope 1 and Scope 2 emissions to more accurately reflect our branch consumption. Accordingly, we have restated our 2022 data to reflect alignment with this methodology, resulting in an overall decrease to our 2022 emissions from what was in included in Fastenal's 2023 ESG Report by 7.8%.

Beginning Our Scope 3 Journey

In the second half of 2023, we conducted a scope 3 materiality assessment with a leading third-party consultant to gain insight into our scope 3 emissions (i.e., emissions created upstream and downstream in our value chain). At this early stage of the journey, we are not yet able to provide meaningful scope 3 reporting. However, we plan to apply the output of this exercise to gain a more complete understanding of the carbon inventory related to our business and develop strategies to further reduce our environmental impact.

Transportation

Driving Toward a Greener Future

A key (and differentiating) feature of Fastenal's service model is our in-house transportation network, which allows us to control the movement of materials across much of the supply chain. Our North American fleet includes more than 800 commercial motor vehicles (CMVs) as well as nearly 8,300 RAM pickup trucks used by our local teams to provide final-mile delivery service.

On a technical level, operating such a large fleet makes our scope 1 reporting higher than it would be if we relied more heavily on third-party carriers, as is standard in our industry. (Outsourcing transportation means a larger share of emissions falling under scope 3 vs. scope 1.) However, in the bigger picture, it challenges us to be a leader in transportation efficiency. We embrace this stewardship by investing in the latest vehicle technology and by working to optimize routes, loads, and efficiency at every mile – from supplier pick-ups, to transfers for secondary operations, to final-mile delivery, all streamlined by a deep and direct understanding of our customers' needs.

Extending the "Last Mile" to the "Last Yard"

- In addition to picking up shipments from suppliers and transferring products across our distribution center network, our CMV fleet transports approximately 90% of the product tonnage moved from our regional distribution centers to our in-market operating units (a core aspect of our local service model).
- Roughly two-thirds of our North American branches receive their product deliveries via our CMV fleet during the night (low-traffic hours associated with better overall fuel efficiency).
- The RAM pickup fleet is used by our local branch personnel to execute final-mile delivery to the customer, and in many cases the destination is a point-of-use device within their facilities – a unique capability made possible by our investment in final-mile transportation and high-touch service.

Fuel Efficiency Strategies

Because we sell and replace a large portion of our fleet annually, we are regularly reviewing the latest fuel efficiency and safety options. In 2023, we replaced roughly 1,820 vehicles to capture the newest technology. This included ordering 713 vehicles equipped with embedded telematics, which will provide local managers with visibility to the vehicles' fuel consumption and related data such as idling time, speed, and acceleration – a valuable tool to improve the efficiency of the units.

A Proud SmartWay Partner

Since mid-2019, Fastenal has participated in the United States Environmental Protection Agency's SmartWay program, which helps partnering carriers learn best practices, demonstrate their efficiency achievements, and pursue continuous improvement. We're working to positively impact fuel efficiency in a variety of ways:

- **Using geographic information systems (GIS) to map the most efficient truck routes**
- **Analyzing departure and arrival schedules to minimize delays caused by traffic in metro areas**
- **Optimizing load configuration to minimize non-utilized capacity**
- **Back-hauling freight from suppliers and also customers (through our third-party logistics service) to minimize one-way or "deadhead" loads**
- **Using telematics to monitor driving activities and identify opportunities to improve fuel efficiency**

Testing and Implementing New Technologies

Our drive for efficiency includes an ongoing commitment to test and, when feasible, adopt alternative fuel vehicles. In 2020 and 2021, through a fleet-electrification collaboration program with Penske Leasing and Daimler Trucks North America, we conducted a short-term pilot of a fully-electric Freightliner eCascadia semi-truck in the Los Angeles metro area. After running the truck on a regular route for one month, we provided real-world feedback to guide future improvements to the technology. As part of the program, we also conducted a longer-term pilot with two fully-electric Freightliner eM2 straight trucks, which we ran on daily routes within the Los Angeles metro area in 2020 and 2021. It proved to be a good fit for certain use cases, and in late 2023 we signed a lease agreement for two of these vehicles, which we plan to start running in the Modesto, California area in fall 2024.

In fall 2021, we conducted a test of a demo Orange EV fully-electric yard tractor at our Indianapolis, Indiana distribution center. (Yard tractors are used to move trailers and containers within the cargo yard.) Based on the success of the test, we subsequently purchased a new Orange EV fully-electric yard tractor for the facility, and the vehicle went into operation in July 2023.

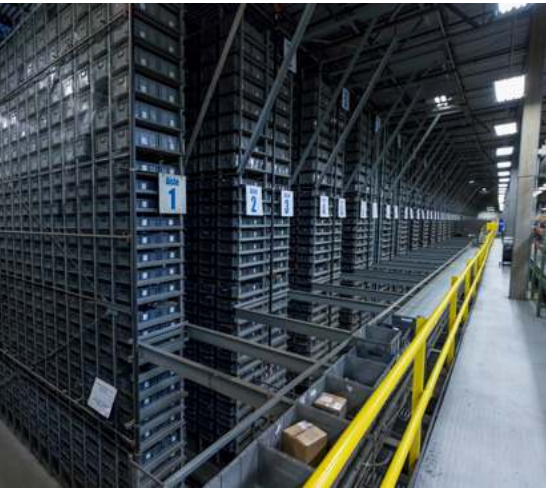
Facilities & Operations

In 2023, we continued our push for operational efficiency by completing 111 environmental projects in our facilities, including waste reduction, recycling, and energy reduction projects. This involved a total investment of $372,400, a projected annual cost savings of $844,700, and an estimated annual reduction of 3,040 metric tons of CO2.

Energy Use and Consumption

From technology investments to behavioral changes, we're taking a holistic approach to reduce energy consumption throughout our brick-and-mortar footprint. Here are some recent and in-progress highlights:

- We continue to operate in BREEAM-certified facilities in Dordrecht, Netherlands and Brno, Czech Republic; and we currently operate in two large buildings equipped with solar power technology: one leased (Dordrecht, Netherlands) and one owned (Winona, Minnesota).
- Through Puget Sound Energy's Sustainability Leadership Partners program, our Lacey, Washington distribution center used 100% wind energy in 2023.
- Our downtown office building in Winona, Minnesota and our distribution facilities in Lacey, Washington, Salt Lake City, Utah, and Madison, Mississippi achieved ENERGY STAR certification in 2023. We are working to have additional buildings certified in 2024.
- In 2024, we expect to participate in the EPA's Green Power Partnership to purchase and use solar and wind energy within our distribution centers and manufacturing locations.
- We recently broke ground on a new building in Salt Lake City, Utah that will serve as our distribution center for the region. This building has been designed with energy-efficient features and is slated to be completed in 2025.



Warehouse Automation: Maximizing 'Sales Per Square Foot'

Over the past decade-plus, one of our key metrics has been increasing our product sales per square foot in our distribution centers. High-density automated storage and retrieval systems (ASRS) equipped with conveyors and robotic cranes have positively impacted this ratio by increasing throughput while optimizing space. For example, the ASRS installation in our Winona, Minnesota distribution center required a 42,000 square-foot facility expansion. If we had opted for traditional shelving instead of ASRS technology, the expansion would have had to be nearly four times larger to provide the same warehousing capacity.

Today, 11 of our 15 North American distribution centers are equipped with ASRS systems, and another installation is planned for 2025. These investments are allowing us to support our growing business with a more compact warehousing footprint and, in turn, less energy consumption.

Evolving Our Branch Infrastructure

Over the last several years, we've been restructuring our United States branch model to be more customer-focused and space-efficient. This includes removing standardized (non-market-specific) inventory, reducing or removing walk-in shopping space, and using that square-footage to install high-density vertical shelving to support customer inventory needs. In select locations, we're also implementing "pick modules" to create a second floor of warehousing space, supporting thousands of additional products within the existing building. As a result of these strategies, we're gaining significant capacity across our branch network – room to grow the business and improve customer service without expanding our brick-and-mortar footprint and associated energy consumption.

Space Optimization Projects

In 2023, we completed space optimization projects at 64 branch locations, which included installing 20 pick modules. Moving forward, we expect to increase the number of projects we complete each year, including pick module investments. As part of our brick-and-mortar evolution, we have also optimized our branch footprint in many markets across the country, in some cases by bringing multiple in-market teams together to operate out of a single building – another driver of energy efficiency in our branch network.

Completed Resets / Installs				
	2023	2022	2021	2020
Pick Modules Installed	20	21	8	0
Total # of Install Projects	64	59	66	152

Onsite: Sharing Space, Saving Energy

Perhaps the biggest driver of change to our local footprint has been the rapid adoption of our Onsite model. With this approach, we typically use available space within the customer's facility to provide dedicated staff and inventory for their operation. The environmental benefit is direct: By sharing space rather than operating out of a separate in-market location, we're consuming minimal additional energy and producing fewer additional emissions. We believe the model also allows us to play a more active and impactful role in helping the customer reduce supply chain waste – for example, by reducing emergency deliveries, wasteful consumption, and excess inventory.

As illustrated below, while our total number of in-market operating units has increased gradually in recent years, the ratio of Onsite operations to branch locations has increased dramatically. This structural shift, coupled with our branch space optimization efforts, is making our local footprint increasingly space- and energy-efficient. We believe our traditional branch count will stabilize moving forward; however, we plan to continue to focus on adding Onsite operations as a primary growth strategy.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Onsites	1,822	1,623	1,416	1,265	1,114	894	605	401	264	214
Branches	1,597	1,683	1,793	2,003	2,114	2,227	2,383	2,503	2,622	2,637
Total	**3,419**	**3,306**	**3,209**	**3,268**	**3,228**	**3,121**	**2,988**	**2,904**	**2,886**	**2,851**

*Global Numbers

View Our 2024 EHS Report

Reducing, Reusing, and Recycling

Sustainable Procurement & Material Consumption

In 2023, we created a waste management program aimed at reducing our waste-to-landfill impact while generating direct cost savings. By profiling and tracking waste streams, we are able to identify opportunities to improve our carbon footprint through waste reduction activities. The objective of the program is to improve our waste diversion rate 10% annually compared to the baseline year of 2021.

Creating a Less Packaging-Intensive Distribution System

As part of our automated storage and retrieval systems (see pg. 34), our distribution centers utilize an estimated 115,000 reusable composite bulk bins and totes to store inventory and make deliveries to our in-market servicing locations, reducing the use of cardboard, wood, plastic, and other shipping/packaging materials.

In 2023, we joined the **Sustainable Packaging Coalition (SPC)**. The SPC brings together businesses, educational institutions, and government agencies in a collaborative environment where they can access tools (such as technical guides and reports) and share ideas with others within similar supply chain positions.

It's part of a larger trend in our business. Products supplied through Fastenal Managed Inventory (FMI) programs, which today represent a large and fast-growing share of our total sales, generally require less packaging than products provided through a traditional retail or direct-ship model. As our distribution system becomes increasingly "FMI-centric," we're working internally and with our manufacturing partners to reduce unnecessary packaging.

Waste & Recycling

As an organization, we recycled roughly 16.4 million pounds of material in 2023. Our waste diversion rate increased from 70% in 2022 to 78% in 2023. The top performers in both years were our manufacturing facilities in Wallingford, Connecticut and Winona, Minnesota, which in 2023 had waste diversion rates of 98% and 94%, respectively. (This was achieved in part by recycling oily wastewater and selling scrap metal that would otherwise end up in a landfill.) In late 2023, we began the journey toward zero waste certification for these facilities and we have a goal to achieve this certification in 2024.

Distribution Center and Manufacturing Waste Diversion	% Chg 2023 vs. 2022	2023 (lbs)	Tonnes	2022 (lbs)	Tonnes	2021 (lbs)	Tonnes
Recycled and Reused Wood Pallets	2.5%	3,931,032	1,966	3,834,010	1,917	3,013,154	1,507
Recycled and Reused Cardboard	12.0%	1,798,314	899	1,582,550	791	1,397,690	699
Recycled Metals	4.6%	5,400,463	2,700	5,151,601	2,576	3,509,198	1,755
Recycled Composite Pallets	24.1%	134,808	67	102,262	51	117,000	59
Recycled Plastic Wrap	15.9%	98,989	49	83,274	42	60,354	30
Hazardous and Universal Waste	1.0%	9,150	5	9,062	5	158,592	79
Non-Hazardous Waste	9.0%	21,134,163	10,567	19,239,748	9,620	13,253,040	6,627

Turning Pallet Wrap Into Patio Decks

Plastic wrap (aka polyethylene film) presents a vexing waste stream challenge for a distribution company like Fastenal. We need it to secure palleted shipments, and we receive tons of it into our distribution centers each month. But there is no use for it once the pallets are unwrapped, and local recyclers often don't have programs to divert the material from landfills.

In 2023, we found a creative solution to turn this waste stream into a value stream by launching a large-scale recycling partnership with Trex Company, Inc.. Trex produces composite outdoor decking made from 95% recycled and reclaimed materials, so our plastic waste becomes their raw material. To support this circular economy, Fastenal invested more than $300,000 in equipment in our distribution centers to bale and prep the material for shipment to the nearest Trex warehouses.

The environmental impact: We're on track to keep more than 600,000 pounds of Grade A plastic out of landfills in year one of the program, and we're looking to divert even more material in years to come as we leverage our transportation network to backhaul plastic from our in-market operating units and potentially offer a take-back service for customers.

Water Consumption & Natural Resources

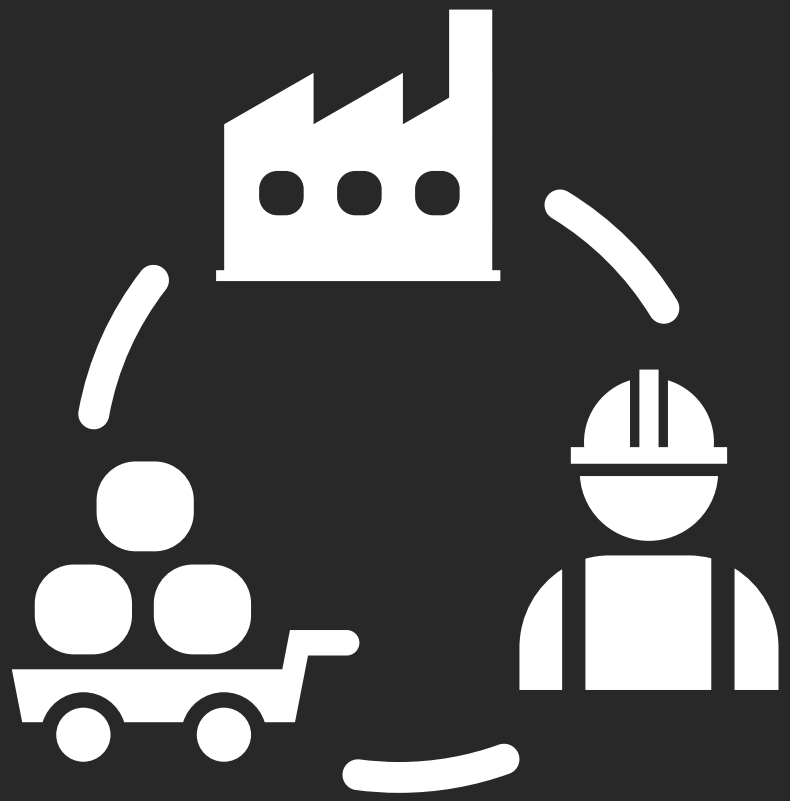
Although we believe our water consumption and risk exposure are low, we're taking steps to properly manage this critical resource. We comply with the United States Clean Water Act and relevant regulations in other countries where they apply to our operations – for example, in our management of storm water run-off, water permitting, and industrial waste water. In addition, we constantly work to reduce wasteful consumption of clean water.

With regard to new location builds, we follow guidelines set by the World Wildlife Fund and Federal Emergency Management Agency to minimize our impact on areas with high water stress levels. The table below indicates the percentages of our North American distribution and manufacturing locations situated in high water stress areas, medium water stress areas, and low water stress areas based on a water stress risk assessment tool provided by the World Wildlife Fund (WWF Water Risk Filter).

Water Stress Levels	Distribution and Manufacturing Locations
High	10%
Medium	35%
Low	55%

Environmental Risks & Opportunities

Our North American distribution centers and manufacturing facilities have received third-party certification to the ISO 14001 standard. ISO 14001 specifies requirements for an environmental management system an organization can use to enhance its environmental performance through more efficient use of resources and reduction of waste and energy. To help us continue to perform at a high level and meet ISO 14001 requirements, we've partnered with two third-party firms, U.S. Compliance and EMI, which provide a variety of consulting and auditing services. We use risk assessments from these partners to identify areas of opportunity and consistently improve sustainability within our business operations. These assessments help us sustain environmental regulatory compliance in areas like air quality, the Clean Water Act, and the EPA's Resource Conservation and Recovery Act – all helping Fastenal maintain a low level of risk for the environment.



Serving as a Trusted Partner

A Partner for Positive Change

Because Fastenal is part of so many organizations' supply chains, when we improve our ESG practices, it can be amplified on a global scale. The impact isn't isolated to our internal operations. We also provide programs to help customers operationalize, enhance, and measure their own ESG initiatives. The following section centers on these customer-facing offerings, including our environmentally-focused Sustainability Solutions as well as additional solutions to assist customers with supplier diversity, workplace safety, and eProcurement (i.e., tools to procure products aligned with their ESG priorities).

We serve as a point of connection between organizations looking to increase their diversity spend and a network of well-qualified small and/or diverse suppliers striving to grow their businesses and create opportunities in their communities. It is our policy to advocate for these businesses by working to match their capabilities with the needs of our customer base. As part of this effort, we support organizations with customized reporting, helping them benchmark and measure progress toward their diversity spend goals. Below are some key metrics reflecting the scope of our supplier diversity program in 2023.

$1.1B
company purchases with small and/or diverse suppliers

6,399
small and/or diverse suppliers

29%
of Fastenal's purchases are from small and/or diverse suppliers

We also offer a **Tier 1 (authorized reseller) program**, which consists solely of small and/or diverse businesses. Through this program, the customer is able to transact with diverse businesses that serve as authorized channels of distribution for Fastenal's product offering and services.

Go to Supplier Diversity

Fastenal is a proud member of the **National Minority Supplier Development Council (NMSDC)**, which works to create connections between 16,000-plus minority business enterprises (MBEs) and more than 1,700 corporate NMSDC members. This resource provides tools for us to identify and build relationships with MBEs that enhance our product offering and supplier diversity program.

Safety Specialist Program

Fastenal's safety specialists work with our customers' environmental health and safety (EHS) teams to help them:

- Eliminate potential serious injuries and fatalities in the workplace
- Reduce regulatory, financial, and operational risk by improving compliance with governing bodies such as the Occupational Safety and Health Administration (OSHA)
- Improve transparency and control around their personal protective equipment (PPE) programs, which can have a significant impact on the waste stream

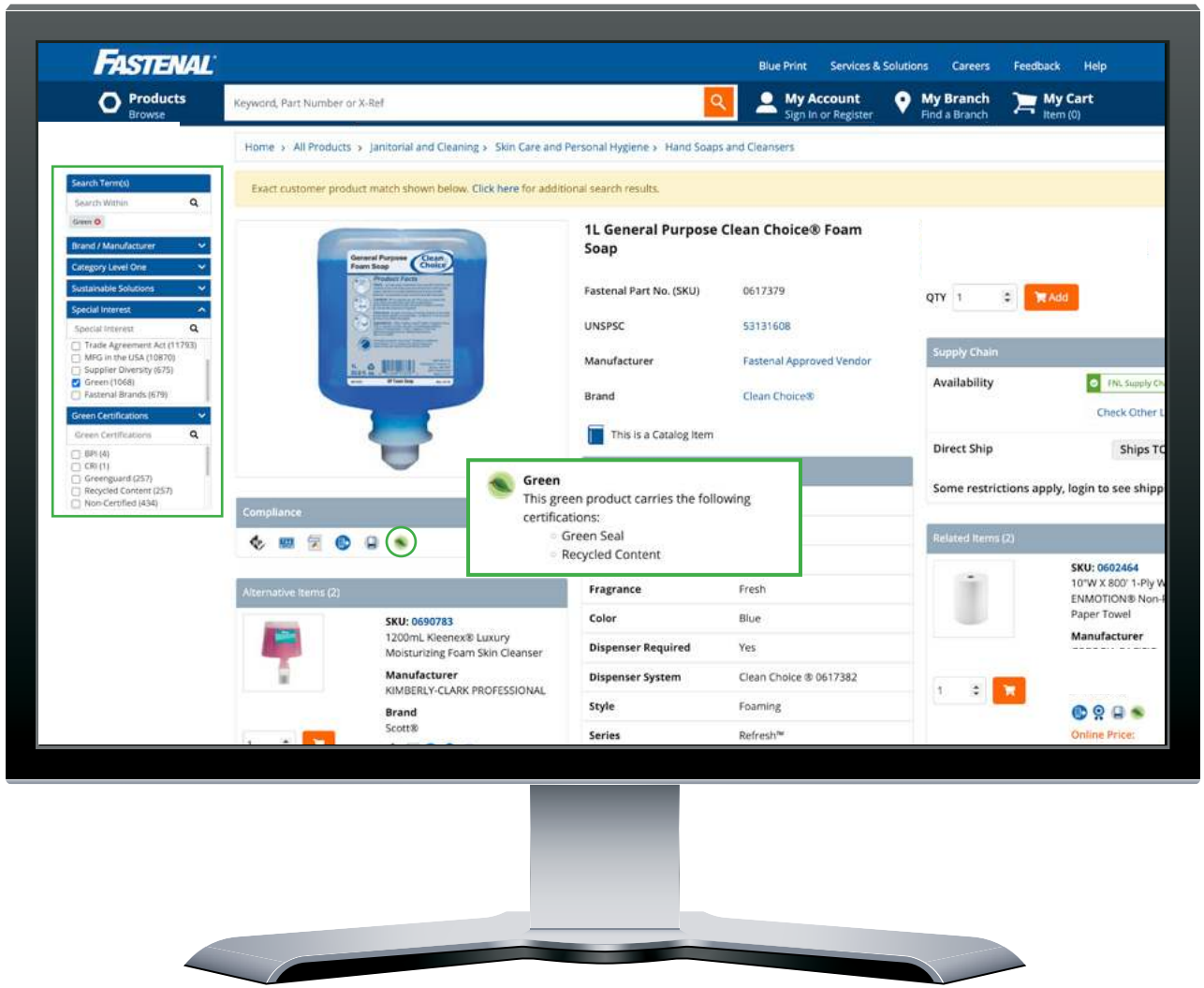
The journey often begins by performing hazard and risk assessments at the customer's site to identify potential workplace hazards and opportunities for improvement. With a solid understanding of the workplace, our specialists guide stakeholders to the correct PPE for specific applications and risks.

As part of the risk reduction process, safety specialists work with other teams in our business to secure the customer's supply chain for PPE. This includes tailoring FMI Technology solutions for their safety product needs and dedicating inventory to those customers that commit to Fastenal as their safety distributor of choice.

FMI Technology offers an additional set of benefits in the context of a PPE program. The devices make compliant PPE visible and accessible 24/7, offer controls to help prevent employees from using non-compliant PPE for their specific roles, and provide visibility to how safety and first-aid products are used in the workplace (a tool to monitor program compliance and detect workplace hazards). As a direct resource for EHS professionals around the world, our safety specialists have helped make PPE the most common type of product supported by FMI Technology. In turn, they've helped make PPE supply chains more efficient, transparent, and secure on a global scale.

eCommerce Tools

Our eCommerce platform offers tools to help customers dial in on products that meet their application and compliance needs. This includes a range of “sustainability” and “special interest” filters that allow users to narrow their search results based on very specific criteria (for example, products with certain green certifications, supported by specific recycling/sustainability programs, or sourced from a targeted category of diverse suppliers).



To help customers identify compliant solutions when researching and shopping, we display the following logos in conjunction with relevant products throughout our eCommerce platform.

- Green products
- Products compliant with green building/project certifications (e.g., LEED)
- Products sourced from small and/or diverse suppliers
- Products supported by our recycling programs or other sustainability programs
- Products that can be vended to control consumption

How to Use eCommerce Tools

Sustainability Solutions

Our customers recognize that sustainability is a grassroots effort, and that every member of the organization – from senior leadership to new employees – can affect the outcome. It starts with changes in behavior and a desire to implement process improvements for a healthier environment and sustainable future.

To help organizations turn grassroots energy into reportable results, Fastenal partners with suppliers, manufacturers, and industry-leading service providers to offer turnkey sustainability solutions. These solutions are part of a continuous improvement plan to *(1) develop and implement strategic initiatives, (2) drive innovation in environmental practices, and (3) work cross-functionally to achieve long-term sustainability improvements.* Our supplier/third-party programs are complemented by many of the core services and solutions we offer to help customers become more resource-efficient across the value chain.

A Total Lifecycle Approach

Recycling is often the first topic that comes up in discussions about sustainability, but it's really the last step in a comprehensive program. Fastenal is helping our customers understand the full picture – the upstream impacts (suppliers) and downstream impacts (waste generation) that can be attributed to products in environmental product declarations (EPDs).

Reflecting this cradle-to-grave perspective, our Sustainability Solutions span four broad areas: **prevention, consumption reduction, product life extension, and recycling & recovery**. It starts by consulting with the customer, understanding their unique needs and goals, and presenting a set of solutions to help them operate more efficiently and sustainably. Read on for an overview of the various programs, services, and technologies that can be part of a sustainability solution.

Green and Energy-Efficient Products Program

To meet a broad range of our customers' application needs, Fastenal offers approximately 52,700 green products, including certified green products as well as environmentally preferable products (see definition below) within our standard eCommerce catalog. We have identified that these products (1) reduce negative effects on human health and the environment compared to competing products and/or (2) promote sustainability through resource conservation, end-of-life waste management, and life-cycle analysis. In addition to managing our green product program, Fastenal's compliance specialists assist customers with goal creation, sourcing, and custom reporting in support of their sustainable procurement initiatives.

Certified Green Products

Guided by international standards, our global compliance teams work with third-party agencies around the world to vet products and confirm the accuracy of green benefit claims. These team members are located in the United States, Canada, Mexico, Brazil, the United Kingdom, Continental Europe (in several countries), and China, providing local expertise and advocacy across global supply chains. Click here to view the list of third-party entities we've aligned with to assist us with confirming the integrity of our certified green product program.

Environmentally Preferable Products (Applies to Non-European Locations Only)

Environmentally preferable products have a lesser or reduced effect on the environment when compared with competing products or services that serve the same purpose. We offer this designation because third-party certifications do not exist globally for all green products and categories. Products may be considered environmentally preferable for various reasons. For example, they may help reduce energy consumption, they may have low or no VOCs (volatile organic compounds), or they may come from suppliers with commitments to sustainability in their manufacturing processes. This can include reduced packaging and/or recycled content.

Energy Efficiency Consultation

Through our third-party programs, we offer consulting and implementation services for energy efficiency projects. This involves a facilities-wide evaluation to recommend systems-based and operational improvements, including detailed assessments of energy savings and return on investment. Examples include providing expert consultation and project management for LED lighting conversions and suggesting the best air filtration products for the customer's HVAC equipment based on their priorities for performance, cost, and energy efficiency.

Category Management

Assisting customers with category management is central to our value proposition as both a strategic supplier and a sustainability solutions provider. It involves analyzing the products used throughout the customer's operations, often on a global scale, and looking for opportunities to streamline the supply chain by:

1. Standardizing part numbers
2. Rationalizing overlapping SKUs (items with the same fit, form, and function but sourced from different factories)
3. Switching to alternatives that provide greater lifetime value, which often means longer-lasting items with a reduced environmental impact

From there, we can dig deeper for additional environmental benefits. Is there a green product alternative that meets the application need? Can it be supplied through a Fastenal vending program to reduce packaging and consumption? Can it also be included in a recycling program to create a circular economy?

A prime area of opportunity is the safety/PPE product category, which is well supported by our green product program, our FMI Technology program, and our third-party recycling and recovery programs. The driving force is our safety specialist team – highly-trained, broadly experienced EHS experts who point our customers to the best product solutions to balance their needs for safety, sustainability, compliance, and cost. We also offer high-level product and application expertise to support the metalworking and fastener categories.

Metalworking Program

Some of the products we supply are highly technical in nature, requiring specialized expertise for us to serve as a solutions provider for the customer. A prime example: metalworking products, particularly the high-precision cutting tools manufacturers use to fabricate metal components.

To provide expert support in this category, we maintain a team of metalworking specialists. Their core role is to visit customer sites, meet with stakeholders and collect data to gain an understanding of their operations, and present solutions to help them operate more efficiently. This can include inventory management solutions to reduce consumption and streamline the supply chain, as well as cutting tool regrinding programs to extend product life. (More on both topics to follow.) They are also well versed in recycling programs for cutting tools and fluid management systems.

Another metalworking resource is our team of field application specialists – technical professionals with years of production experience. These individuals focus on improvements to the customer's manufacturing processes, which may involve conducting product-life and performance testing to identify the most cost-effective tooling solutions for specific machines and processes. The goal: **greater productivity with less resource consumption.**

Go to Metalworking Program

Fastenal Named 2023 Recycler of the Year by GreenTech Global Recycling

This is a story of shared success with our metalworking customers, GreenTech Global Recycling, and Greenfield Industries (a key Fastenal supplier that shares its parent company with GreenTech). Our role in the story is to help customers implement a workflow to recycle their used cutting tools via containers provided and collected by GreenTech. These customers receive payment for the material, which is processed into raw metal used by Greenfield Industries to manufacture new cutting tools. In 2023, Fastenal customers recycled 36,656 pounds of material through the program.

The partnership is producing important wins, including a reduced need to extract raw materials from the earth, less material ending up in landfills, and an opportunity for our customers to improve their sustainability performance while monetizing waste. A smaller win (but one we're nonetheless proud of) is that Fastenal was named GreenTech's recycler of the year for 2023. The award was based on several factors, including an 85% increase in pounds of material recycled by our customers in 2023 vs. 2022.

We're excited to see the next chapters in this shared success story as we continue to work with our customers, GreenTech, and Greenfield Industries to create a circular economy for this valuable material.

Engineering Program

We also support manufacturers with a global team of engineers who specialize in the science surrounding fasteners and fastening applications. In addition to reviewing prints, assisting with technical questions, and conducting trainings, these professionals work with customers' engineering teams during the design stage to optimize how fasteners are incorporated into the product. They also provide expert consultation and custom testing for safety-critical applications.

The following services offer environmental benefits (in addition to cost, safety, and quality benefits) by helping manufacturers use fasteners more efficiently and effectively in the production process.

Fastener Optimization

Fastenal Engineering engages in projects where the customer's fasteners and their applications are reviewed in detail to identify opportunities to consolidate products, eliminate SKUs, and improve the overall assembly process. We also look for ways to help customers reduce scrap and rework related to fasteners, and to solve fastener failures during assembly and service. Our optimization services range from production line walks to product teardowns and SKU consolidation projects, all of which help simplify the supply chain and reduce the complexity of the fasteners in our customers' products.

Fastener Alternatives

Our engineers also support customers in new product development and in improving legacy designs by proposing alternative fasteners, finishes, and assembly processes. Standardizing fasteners that do not truly need to be special and finding more accessible, lower cost fastening solutions can help improve the efficiency of the supply chain. Whether a customer is looking to eliminate hexavalent chromium from their finishes, find a longer lasting coating for a challenging service environment, or reduce the risk of product shortages and expediting costs, our engineering experts can offer solutions, including validation analysis and testing, to help them build a better product, more efficiently.

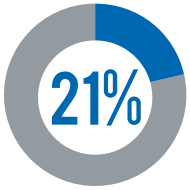
Streamlining supply chain steps, visualizing usage, controlling consumption

Total Cost of Ownership (TCO) Analysis

In order to make data-driven recommendations for process improvements, our Lean Solutions team routinely conducts TCO Analysis (TCOA) exercises at customer facilities to analyze how they purchase, move, stock, and access products. Historically, these studies reveal an opportunity to reduce the TCO for in-scope products by an average of 21%* by using our solutions.

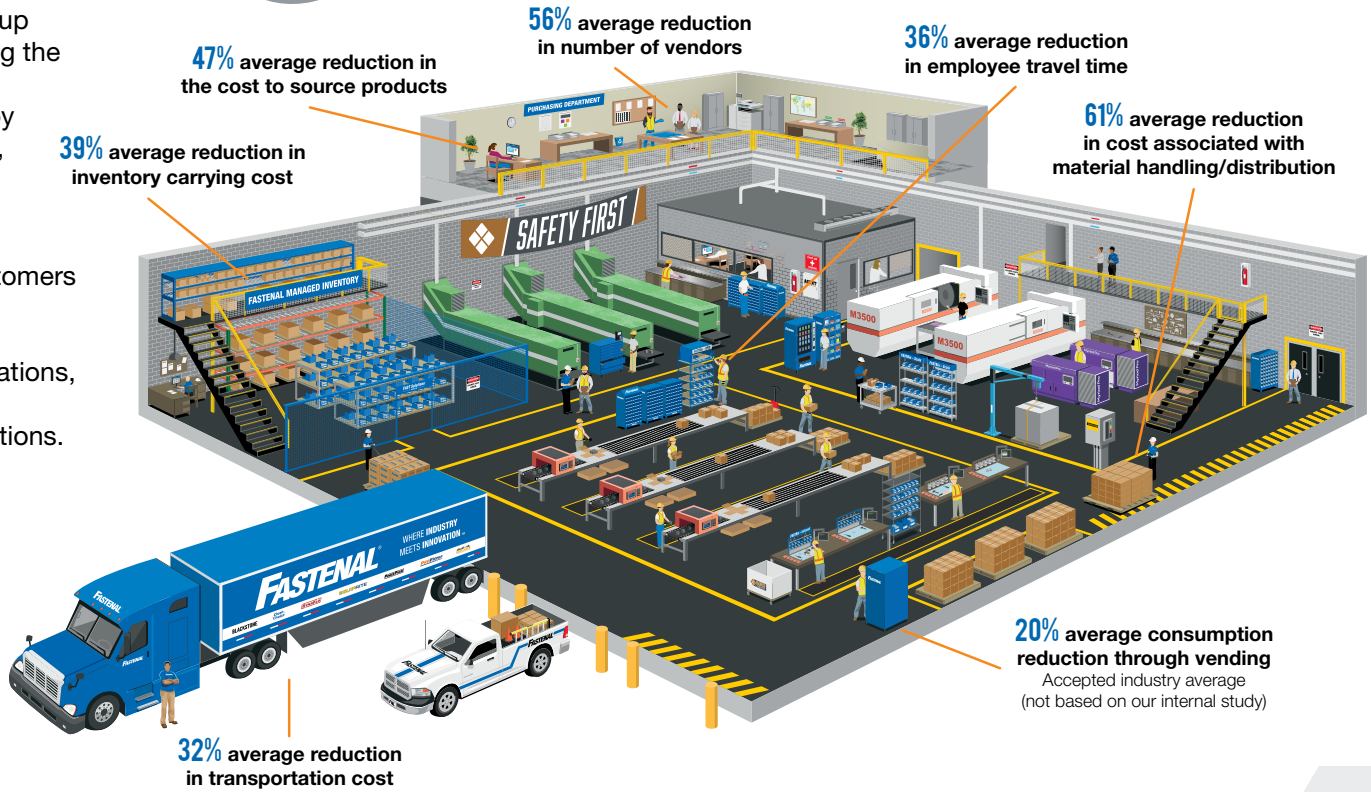
Those are dollar savings, not emissions savings, but we believe there are also intrinsic green benefits. For example, our inventory management services present an opportunity for customers to reduce their inventory carrying cost (a reflection of how much inventory is stocked in their facilities) by an average of 39%.* This represents direct resource reduction. It also frees up productive space in the customer's building, forestalling the need for expansion (and accompanying resource consumption). Consolidating the number of vendors (by 56%* on average) leads to fewer and larger shipments, which can reduce the use of fuel and packaging material. Perhaps the most direct impact is driven by our FMI Technology solutions (see the following page), which provide controls and reporting tools to help customers reduce consumption and upstream transportation.

In 2023, we completed over 1,300 customer site evaluations, including formal TCOAs, to identify opportunities for efficiencies in our customers' supply chains and operations.



Average TCO Savings Opportunity*

This is the high-level finding of a study of 445 vetted TCO Analysis exercises. Below is a look at some of the drivers behind this headline number.



Go to Lean Solutions

Go to TCOA Brochure

* These average savings were calculated in a recent study of 445 vetted TCO Analysis exercises which took place over the course of the 2023 calendar year. They are based on an assumption of the customers' full adoption of our suggested services and solutions. Vetted opportunities meet the following criteria: (1) the conductor of the TCO Analysis (a trained Fastenal Lean Six Sigma specialist) has confirmed the validity of the data entered; (2) 70% or more of the TCO Analysis data is customer-specific, not based on industry averages; and (3) the data was accepted/agreed upon by the customer during or after the TCO Analysis presentation.

FMI Technology

Industrial supplies are traditionally a “blind spot” for manufacturers and other businesses. Limited visibility to basic information – what product is stocked in the facilities, where it’s located, how it’s being used – leads to various forms of waste, from over-buying and obsolete inventory to stock outages and inefficient rush deliveries.

Through the development of our FMI (Fastenal Managed Inventory) Technology program over the past 15 years, Fastenal has emerged as the global leader in technologies that take industrial supplies out of the shadows and into a transparent, planned environment. This includes the mass deployment of devices that allow organizations to digitally monitor, track, and control wide-ranging products, typically driving a significant and sustained reduction in consumption.

The devices produce upstream benefits as well. With digital visibility to stocking levels and usage patterns within customer facilities, Fastenal teams are able to remotely monitor customers’ inventory, make proactive adjustments in the supply chain, and become much more efficient in our operations. At year-end 2023, we had more than 113,000 FMI Technology devices (machine equivalent units, or MEUs) in place at customer sites around the world – each a solution to drive waste, cost, and risk out of the supply chain.

A Systematic Approach to Reducing Consumption

Remote Inventory Monitoring

The devices are equipped with sensing technologies to digitally report the current inventory level in each stocking location. This eliminates the need for Fastenal employees to drive to customer sites in order to visually check their inventory status. Further upstream, it allows our distribution teams to be more proactive and efficient in how we stage and transport the product.

Inventory Visibility

Our FAST360° and Product Locator inventory search tools allow customers to see if needed items are available in their facilities and, in turn, avoid unnecessary purchases and transportation. Our eCommerce platform takes it a step further, proactively informing buyers if they're attempting to purchase items they already have on hand.

24/7 Access

The assurance of "perpetual inventory" removes the incentive for employees to hoard and over-order supplies. It may seem counterintuitive, but continuous access promotes less overall consumption.

Usage Traceability

Each dispensed item can be traced to a person, place, time, and cost center. This reporting fosters a culture of accountability and illuminates opportunities to reduce future consumption (for example, by switching to a longer-lasting glove, or by providing additional training to an employee who is over-using a certain tool).

Access Controls

Several of our devices allow organizations to set role-specific controls so their employees only have access to products relevant to their jobs (not to all products in the device). Managers can also set frequency limits so that, for example, an employee can only dispense a certain number of batteries per month without supervisor approval – another tool to reduce wasteful consumption.

Locker Pickup

The devices are primarily used for planned needs; however, FMI Technology lockers within customer sites can also serve as an efficient fulfillment solution for unplanned "spot buys." The environmental benefit: Instead of employees driving to Fastenal or other businesses to pick up urgent needs, our local teams deliver those orders (via on-site lockers) during their regular service visits.

Asset Management

Our automated lockers allow managers to track tools, scanners, and other returnable assets to the most recent user, helping to prevent material waste resulting from loss or theft. The devices can also be integrated with a Fastenal industrial services program to refurbish (rather than replace) tools.

Go to FMI Technology

Case Study: Curtiss-Wright: Custom Solutions for Each "Customer" in the Building

> "Luckily, Fastenal, recognizing the state of emergency we were about to be in, rushed in all the vending machines ahead of schedule and sent extra people on site"

It wasn't exactly a smooth takeoff for our Onsite program at Curtiss-Wright's aerospace technology plant in Shelby, North Carolina. When their previous supplier learned Fastenal had been awarded the business, they abruptly cleared out without sharing data and assisting with the transition. With that, our focus went from executing a seamless 90-day implementation to something much more urgent: do whatever it takes to keep Curtiss-Wright's production running.

"Luckily, Fastenal, recognizing the state of emergency we were about to be in, rushed in all the vending machines ahead of schedule and sent extra people on site," said Brian Estep, Curtiss-Wright's divisional director of supply chain management. "They grabbed and started cycle counting on-hand inventory. They took what usage we had from different departments based on their memory, and simply through sheer willpower and hard work, they pulled us through that first 90 days."

According to Estep, things took flight from there. "It started with the implementation team that came here," he said. "Fastenal doesn't just want to know numbers; they actually met with every single department in this building and they wanted to know from each department, *What do you need out of us as a supplier?* So they customized and tailored every solution that went into this building to fit the need of that internal customer."

The solutions range from cloud-connected lockers for tracking and managing expensive assets to specialized vending devices that illuminate how cutting tools are being used in different areas of the operation. "We can pull reports out of the machines that tell us not only who took it and when they took it, but what cell they used it in and what product line it was used on," said Danny Cooper, the facility's senior director of operations. "This allows a manufacturing engineer to go in and see what is driving our tool cost and if there's an opportunity to drive that down."

Another efficiency driver is our metalworking specialist support – providing testing for tool life and performance to identify the most cost-effective options for specific applications. On the other end of the product lifecycle, we've worked with key suppliers to implement recycling programs for used cutting tools and nitrile gloves. Previously, those materials ended up in landfills. Today, they're recycled, monetized, and reported on to help Curtiss-Wright achieve their sustainability goals.

What does it all mean for the customer? Danny Cooper put it this way: "The value of having a Fastenal team on site is priceless really. We just don't have the resources that it takes to manage something as big as MRO, and that's what Fastenal does – they're the experts at doing things that we're not capable of doing."

Watch the video

Maximizing product life through maintenance, repairs, and remanufacturing

Tool Repair Service

Fastenal's eight North American tool repair service centers provide authorized warranty repairs for 35 major tool brands and are able to work on more than 750 brands of tools in all. This resource, combined with our local service and transportation network, allows customers to meet their tool repair needs through a single efficient source, and to do so through a process that largely overlaps our existing service activities and truck routes.

Rather than having to transport products to multiple service providers, the customer places any broken tools in a (reusable) Fastenal tote or FMI Technology compartment. The customer's local Fastenal representative collects the tools during a regular service visit and ships them to our nearest service center via a regular Fastenal truck route. Our factory-trained technicians perform all repairs deemed cost-effective, and tools found to be past their economical repair lifespan are broken down to be reclaimed or recycled. Up to 95% of a tool's materials can be diverted from the waste stream, and we offer reporting for customers to document their contribution to waste diversion through the program.

In 2023, we repaired 56,609 tools for customers through this process, helping them extend product life and, in turn, reduce material waste.

Go to Industrial Services

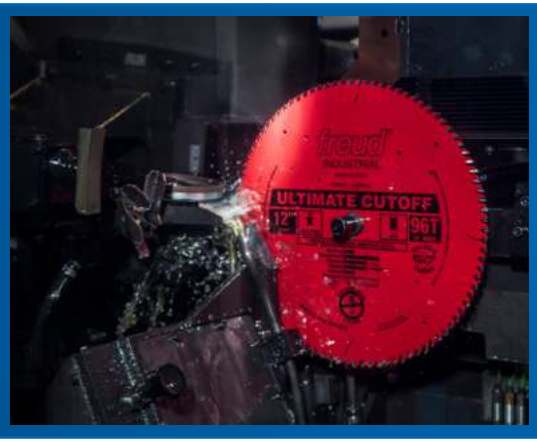
Tool & Cutter Grinding Service

The goal of this service is to help manufacturers reduce waste by optimizing the performance and service life of their cutting tools. The process is similar to our tool repair program (see previous page), but in this case the customer's worn (cutting) tools are transported to a Fastenal manufacturing facility, where our machinists sharpen them to like-new condition. This service reduces the amount of waste generated and can be provided in conjunction with a recycling program, further contributing to the customer's sustainability goals.

Many cutting tools can be reconditioned multiple times, and we often work with customers to find creative solutions that meet their specific needs (for example, reducing a cutting tool down to the next useful size so they don't have to program a machine for cutter compensation). Supplying the products through an FMI Technology device can systematically drive the use of reconditioned tools before the use of new tools, promoting sustainable habits and maximizing tool life.

In 2023, we extended the service life of 321,252 cutting tools through the program. Our manufacturing team also makes and modifies custom tooling for customer-specific applications – another way we're helping manufacturers become more efficient in their operations.

Go to Industrial Services



Diverting waste from landfills to create usable products or energy

Recycling & Recovery Programs

We've covered a range of solutions to help organizations prevent pollution, reduce consumption, and extend product life, but eventually all products flow to a waste stream. That's when our third-party recycling partnerships come into play. Today, we partner with key suppliers and recycling services to help customers integrate waste stream solutions into their work processes. This includes (but is not limited to) recycling programs for the following materials.

- Batteries
- Janitorial / Sanitization Supplies
- Breakroom Supplies
- Lighting
- Carbide Metalworking Products
- Medical / Dental
- Cardboard
- Office Supplies
- Electronics
- Packaging & Shipping Materials
- Flashlights
- Safety / PPE

Go to Recycling Programs

PPE Recovery Program

In late 2023, we piloted a PPE recovery program in partnership with Wastebits as a complement to our PPE recycling programs. We help establish a simple workflow for customers to turn non-recyclable PPE waste into usable energy at an approved waste-to-energy facility. This process reduces the amount of material entering landfills and recovers energy to generate electricity or directly heat buildings. The EPA reports that for every ton of municipal solid waste processed at approved waste-to-energy facilities, emissions of greenhouse gases can be reduced by as much as one ton. We are planning to formally launch and market this program in 2024.

A Final Word on Supply Chain Resiliency

Recent years have clarified an unfortunate truth: When a supply chain is broken, sustainability can quickly become an afterthought. The mindset shifts from strategic to transactional, planning gives way to panic buying, and long-term environmental concerns are overshadowed by immediate needs. In an increasingly volatile world, we believe there is no tension between business success and sustainability, and that both are predicated on supply chain resiliency.

With our strategic supply model, resiliency is a precondition for partnership. Before an organization can consolidate their supply needs with Fastenal and allow us to help them operate more efficiently, they need to trust that we'll maintain a reliable supply chain for mission-critical products. This is why our overriding priority, above all else, is to ensure continuity of supply for those customers who rely on Fastenal as a supply chain partner.

What does this commitment look like in practice? Here are some key structures and safeguards we invest in to help organizations weather global challenges and stay true to their ESG vision.

The "Links" in a Reliable, Responsible Supply Chain

620+ **dedicated supply chain professionals** (130+ on the ground in Asia)

Robust **global sourcing**, **compliance**, and **quality teams**, giving us agility early in the supply chain

Products sourced from suppliers in **30+ countries** (mitigating regional risks)

9 **in-house manufacturing** facilities to quickly produce custom solutions

5,000+ **containers shipped** annually (priority access in times of high demand)

A captive fleet of **10,000+ vehicles** to reliably and efficiently transport products

113,000+ **FMI Technology devices** (MEUs) embedded within customer sites (24/7 inventory monitoring & usage data capture)

Same-day **buffer stock** at 3,400+ in-market operating units (supported by 17 **distribution centers**)

A **well-established process** to allocate high-demand products to strategic customers (vs. selling to the general market)

Layers of support to help customers future-proof their supply chains and assist with sourcing solutions

Appendix

Cautionary Note: Forward-Looking Statements/Disclaimers

Certain statements contained in this report of the organization, or in other written and oral statements made from time to time by the organization, do not relate strictly to historical or current facts. As such, they are considered 'forward-looking statements' that provide current expectations or forecasts of future events. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements can be identified by the use of terminology such as *anticipate, believe, should, estimate, expect, intend, may, will, plan, goal, project, hope, trend, target, opportunity*, and similar words or expressions, or by references to typical outcomes.

Any statement that is not a purely historical fact, including estimates, projections, trends, and the outcome of events that have not yet occurred, is a forward-looking statement. Our forward-looking statements generally relate to our expectations and beliefs regarding the business environment in which we operate, our projections of future performance and opportunities for growth based on potential market opportunities, our perceived marketplace opportunities, our strategies, goals, mission and vision, and our expectations related to future capital expenditures, future tax rates, future inventory levels, liquidity, liabilities from tax positions, the performance of our fastener business in comparison to our non-fastener business, openings and closing of in-market locations and signings of Onsite programs and new machine equivalent units for Fastenal Managed Inventory (FMI) (including bin stock and industrial vending) and the competitive advantages they offer, our digital solutions and other product offerings (including new product lines), national accounts as a percentage of overall sales, the advantages of our integrated physical and virtual model, growth in safety products as a percentage of product sales, the amount of FMI revenue that we may be able to service through local inventory fulfillment terminals, the ability of our competitors to replicate our distribution capabilities, and statements regarding our climate and other ESG-related goals, projects, plans, aspirations, commitments and strategies.

You should understand that forward-looking statements involve a variety of risks and uncertainties, known and unknown, and may be affected by inaccurate assumptions. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially. Factors that could cause our actual results to differ from those discussed in the forward looking statements include, but are not limited to, economic downturns, weakness in the manufacturing or commercial construction industries, competitive pressure on selling prices, changes in trade policies or tariffs, changes in our current mix of products, customers, or geographic locations, changes in our average branch size, changes in our purchasing patterns, changes in customer needs, changes in fuel or commodity prices, product and transportation inflation, inclement weather, changes in foreign currency exchange rates, difficulty in adapting our business model to different foreign business environments, failure to accurately predict the market potential of our business strategies, the introduction or expansion of new business strategies, increased competition (including with respect to our FMI or Onsite operations), our ability to attract and retain employees and increase our employee diversity demographics, weak acceptance or adoption of our FMI offering or Onsite business models, difficulty in maintaining installation quality as our industrial vending business expands, the leasing to customers of a significant number of additional FMI devices, the failure to meet our goals and expectations regarding branch openings, branch closings, or expansions of our FMI offering or Onsite operations or any changes in branch locations, changes in the implementation objectives of our business strategies, our ability to establish science-based targets and to achieve our goals to reduce emissions and energy consumption, difficulty in hiring, relocating, training, or retaining qualified personnel, difficulty in controlling operating expenses, difficulty in collecting receivables or accurately predicting future inventory needs, dramatic changes in sales trends, changes in supplier production lead times, changes in our cash position or our need to make capital expenditures, credit market volatility and increases in interest rates, changes in tax law or the impact of any such changes on future tax rates, changes in tariffs or the impact of any such changes on our financial results, changes in regulatory requirements, changes in the availability or price of commercial real estate, changes in the nature, price, or availability of distribution, supply chain, or other technology (including software licensed from third parties) and services related to that technology, difficulty in obtaining business from new safety product customers and acceptance by customers of any new product lines, cybersecurity incidents, potential liability and reputational damage that can arise if our products are defective, difficulties measure the contribution of price increases on sales growth, acts of war, and other risks and uncertainties detailed in our filings with the Securities and Exchange Commission, including our most recent annual and quarterly reports. Each forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any such statement to reflect events or circumstances arising after such date.

Our ESG reporting may also use certain terms, including those that the GRI Guidelines, SASB or other reporting formats refer to as "material" topics, to reflect the issues of greatest importance to us and our stakeholders. Used in this context, these terms are distinct from, and should not be confused with, the terms "material" and "materiality" as defined by or construed in accordance with securities laws or as used in the context of financial statements and reporting.

About This Report

Fastenal's annual environmental, social, and governance (ESG) report provides an overview of our organization's ESG initiatives in line with the criteria required by several leading ESG reporting frameworks. These standards inform our disclosures and reflect our commitment to giving investors and other stakeholders an account of our approach, performance, and progress. The responses in the following indexes include links to further information where relevant.

Scope

This report, Fastenal's 2024 ESG Report, was published in March 2024 and reflects activities and initiatives in our fiscal year (FY) 2023 (January 1st, 2023 – December 31st, 2023). It also covers references to trends over several years or references to subsequent events. In those cases, we have noted them as such. All data, unless otherwise stated, reflects fiscal year 2023. Unless noted, goals and other data in the report reflect our global operations. Throughout this report, the terms "Fastenal", "we" and "our", refer to Fastenal Company, a Minnesota corporation.

Disclosure & Assurance

This report has been written for a broad range of stakeholders, including but not limited to our employees, customers, suppliers, investors, and nonprofits.

Fastenal's management is responsible for the preparation and integrity of the information in this report. The enterprise metrics and goals in this report are established through a rigorous review process involving internal subject matter experts, and we believe this report accurately and fairly represents our ESG activities, programs, and results for the fiscal year ending December 31, 2023. However, we also note that standards and processes for measuring certain data presented in this report are still evolving. As our systems and sources of information evolve and improve, we may retroactively restate certain data in future reports.

To improve ease of use and comparability, we index our reporting against frameworks from the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and United Nations Sustainable Development Goals (UN SDGs).

Throughout the report, policies that do not have links are references to Fastenal's internal policies that are not publicly available. This report has not been externally assured or verified by an independent third party.

Contact Us

Your feedback is important to us as we continue to look for ways to improve our reporting and provide our readership with the information they need. Please submit feedback to esg@fastenal.com or by mail:

Fastenal Company
Attn: Director of Internal Audit
2001 Theurer Blvd.
Winona, Minnesota 55987
Phone: (507) 454-5374

GRI Index

Fastenal has reported the information cited in this GRI content index for the period January 1, 2023 through December 31, 2023 with reference to GRI Standards. The report has been prepared with references to GRI 1: Foundation 2021.

Disclosure Number	GRI Standard	Disclosure Title	Fastenal Response
General Disclosures 2021			
Organizational Profile			
2-1	General Disclosures	Organizational details	10-K Item 1: Business 10-K Item 2: Properties
2-2	General Disclosures	Entities included in the organization's sustainability reporting	10-K Item 15: Exhibits and Financial Statement Schedules
2-3	General Disclosures	Reporting period, frequency, and contact point	About This Report
2-4	General Disclosures	Restatements of information	See page 31 of this report related to restatements of 2022 emissions data
2-6	General Disclosures	Activities, value chain, and other business relationships	10-K Item 1: Business 10-K Item 2: Properties Supplier Diversity Program Supplier Code of Conduct
2-7	General Disclosures	Employees	10-K Item 1: Business 10-K Item 2: Properties Empowering People
2-9	General Disclosures	Governance structure and composition	Governance 10K Item 10: Directors, Executive Officers, and Corporate Corporate Governance Guidelines Nominating and Corporate Governance Committee Charter Compensation Committee Charter Audit Committee Charter Proxy: Corporate Governance and Director Compensation
2-10	General Disclosures	Nomination and selection of the highest governance body	Proxy: Board Leadership Structure and Committee Membership Corporate Governance Guidelines
2-11	General Disclosures	Chair of the highest governance body	10K Item 10: Directors, Executive Officers, and Corporate Governance
2-12	General Disclosures	Role of the highest governance body in overseeing the management of impacts	Proxy: Other Board and Corporate Governance Matters Governance 10K Item 1a: Risk Factors
2-13	General Disclosures	Delegation of responsibility for managing impacts	Proxy: Board Leadership Structure and Committee Membership Corporate Governance Guidelines
2-14	General Disclosures	Role of the highest governance body in sustainability reporting	Corporate Governance Guidelines About This Report

2-15	General Disclosures	Conflicts of interest	Proxy: Audit Committee and Related Person Transaction Approval Policy Corporate Governance Guidelines
2-16	General Disclosures	Communication of critical concerns	Corporate Governance Guidelines About This Report
2-17	General Disclosures	Collective knowledge of the highest governance body	10K Item 10: Directors, Executive Officers, and Corporate Governance Corporate Governance Guidelines
2-18	General Disclosures	Evaluation of the performance of the highest governance body	Compensation Committee Charter
2-22	General Disclosures	Statement on sustainable development strategy	A Letter From Our President and CEO
2-23	General Disclosures	Policy commitments	Empowering People Governance 10K Item 1: Business Supplier Code of Conduct
2-26	General Disclosures	Mechanisms for seeking advice and raising concerns	Proxy: Other Board and Corporate Governance Matters
2-29	General Disclosures	Approach to stakeholder engagement	About This Report
Material Topics 2021			
3-2	Material Topics	List of material topics	Table of Contents
Economic Performance 2016			
201-1	Economic Performance	Direct economic value generated and distributed	10K Item 1: Business
Energy 2016			
302-1	Energy	Energy consumption within the organization	Preserving Our World
302-2	Energy	Energy consumption outside the organization	Preserving Our World
302-3	Energy	Energy intensity	Preserving Our World
302-4	Energy	Reduction of energy consumption	Preserving Our World
302-5	Energy	Reductions in energy requirements of products and services	Preserving Our World
Emissions 2016			
305-1	Emissions	Direct (scope 1) GHG emissions	GHG Management
305-2	Emissions	Energy indirect (scope 2) GHG emissions	GHG Management
305-4	Emissions	GHG emissions intensity	GHG Management
305-5	Emissions	Reduction of GHG emissions	GHG Management

Waste 2020			
306-1	Waste	Waste generation and significant waste-related impacts	2024 EHS Report
306-2	Waste	Management of significant waste-related impacts	2024 EHS Report
306-3	Waste	Waste generated	2024 EHS Report
306-4	Waste	Waste diverted from disposal	2024 EHS Report
306-5	Waste	Waste directed to disposal	2024 EHS Report
Supplier Environmental Assessment 2016			
308-1	Supplier Environmental Assessment	New suppliers that were screened using environmental criteria	Supplier Code of Conduct
Occupational Health and Safety 2018			
403-1	Occupational Health and Safety	Occupational health and safety management system	ISO 45001 Certificate
403-2	Occupational Health and Safety	Hazard identification, risk assessment, and incident investigation	Empowering People: Workplace Health and Safety
403-3	Occupational Health and Safety	Occupational health services	Empowering People: Workplace Health and Safety
403-4	Occupational Health and Safety	Worker participation, consultation, and communication on occupational health and safety	Empowering People: Workplace Health and Safety
403-5	Occupational Health and Safety	Worker training on occupational health and safety	Empowering People: Workplace Health and Safety
403-6	Occupational Health and Safety	Promotion of worker health	Empowering People: Workplace Health and Safety
403-7	Occupational Health and Safety	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Empowering People: Workplace Health and Safety
403-8	Occupational Health and Safety	Workers covered by an occupational health and safety management system	Empowering People: Workplace Health and Safety
403-9	Occupational Health and Safety	Work-related injuries	Empowering People: Workplace Health and Safety
403-10	Occupational Health and Safety	Work-related ill health	Empowering People: Workplace Health and Safety
Training and Education 2016			
404-1	Training and Education	Average hours of training per year per employee	Empowering People: Training and Development
404-2	Training and Education	Programs for upgrading employee skills and transition assistance programs	Empowering People: Training and Development
404-3	Training and Education	Percentage of employees receiving regular performance and career development reviews	Empowering People: Training and Development
Diversity and Equal Opportunity 2016			
405-1	Diversity and Equal Opportunity	Diversity of governance bodies and employees	Empowering People: Diversity Data and Reporting

Child Labor 2016			
408-1	Child Labor	Operations and suppliers at significant risk for incidents of child labor	Supplier Code of Conduct
Forced or Compulsory Labor 2016			
409-1	Forced or Compulsory Labor	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supplier Code of Conduct
Local Communities 2016			
413-1	Local Communities	Operations with local community engagement, impact assessments, and development programs	Empowering People: Community Engagement
413-2	Local Communities	Operations with significant actual and potential negative impacts on local communities	Empowering People: Community Engagement

SASB Index

The Sustainability Accounting Standards Board (SASB, now part of the IFRS Foundation) has developed standards for businesses to identify, manage, and report on sustainability topics to meet investor needs. This table references the Consumer Goods sector Multiline and Specialty Retailers & Distributors industry standards, with links to where the relevant information can be found in our ESG report or in other public documents.

Topic	SASB Accounting Metric	Category	Code	Fastenal 2023 Disclosure
SASB Multiline and Specialty Retailers & Distributors Standard				
Energy Management in Retail & Distribution	Total energy consumed	Quantitative	CG-MR-130a.1	2,264,342.62 GJ
	Percentage grid electricity	Quantitative	CG-MR-130a.1	15.8%
Data Security	Description of approach to identifying and addressing data security risks	Discussion and analysis	CG-MR-230a.1	Governance: Cybersecurity & Data Privacy
	Number of data breaches	Quantitative	CG-MR-230a.2	Fastenal has had no reported data breaches identified during the reporting period
	Percentage involving personally identifiable info	Quantitative	CG-MR-230a.2	Fastenal has had no reported data breaches identified during the reporting period
	Number of customers affected	Quantitative	CG-MR-230a.2	Fastenal has had no reported data breaches identified during the reporting period
Product Sourcing, Packaging, and Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	Quantitative	CG-MR-410a.1	$87,709,397.01
	Discussion of strategies to reduce the environmental impact of packaging	Discussion and analysis	CG-MR-410a.3	Preserving Our World: Reducing, Reusing and Recycling
Activity Metrics	Number of retail locations and distribution centers	Quantitative	CG-MR-000.A	1,597 traditional branches, 1,822 Onsite operations, 17 distribution centers Preserving Our World: Facilities and Operations
	Total area of retail locations and distribution centers	Quantitative	CG-MR-000.B	Approximately 5 million square feet of distribution capacity.

TCFD Index

The Task Force on Climate-related Financial Disclosures (TCFD), which disbanded in November 2023 (with monitoring being taken over by the IFRS Foundation), has developed voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders. A summary of our response to the TCFD-recommended disclosures is below, with references to where this information can be found in either this report or in other public documents.

Disclosure	Answer	Reference
Governance	Fastenal's board of directors is composed of a diverse group of individuals with varying backgrounds and experiences. This group is responsible for the oversight of enterprise risk, including ESG matters, and receives leadership and guidance on these topics from the committees of the board. Eight of our 11 directors are independent, including the chair of the board, which helps to broaden our perspective and deepen our understanding of ESG issues. Among the board's priorities are corporate responsibility, human capital management, and sustainability. The topic of ESG, including climate-related issues, is on the meeting agenda a minimum of twice per year. The Nominating and Corporate Governance Committee Chair serves as a liaison to the ESG team and is responsible for overseeing the Company's ESG initiatives, including any ESG policies, practices and disclosures. Management involved in climate-related risks and opportunities includes the Chief Financial Officer, Internal Audit Director, Corporate EHS and Sustainability Director, Director of Supply Chain Compliance, and Vice President for Contract Development and Support.	Governance: Board of Directors 2024 Proxy pg 5-12
Strategy	Risks and opportunities are detailed in the 2023 CDP Report and 2023 Annual Report. Examples of risks include current regulation, emerging regulation, technology, and physical risks such as weather events. Opportunities include products and services through continued development and expansion of green and sustainable products. We consider our self-owned logistics, diverse supply base, and decentralized business model to be risk management tools, as they increase our resilience to climate-related disruptions and empower leaders to act independently.	2023 CDP Section C2 Preserving Our World: Our Strategic Focus
Risk Management	Fastenal's Enterprise Risk Management (ERM) function leverages our Company's ERM framework, policies, and definitions to measure and monitor risks entity-wide. We have aligned to the Committee of Sponsoring Organizations (COSO) ERM Framework - Integrating with Strategy and Performance. We have defined both quantitative and qualitative factors and descriptions to be used when assessing risks. We consider both inherent and residual risk during the assessment process along with speed of onset, likelihood, and impact. During this process, we define substantive financial or strategically impactful risks as risks which have an inherent quantitative (financial) risk factor of 3 or higher on a 4 point scale or a quantitative and qualitative blended inherent risk of 2 or higher on a 4 point scale. During our risk assessment process, we consider financial impact, shareholder value, reputational risk, legal/regulatory risk, customer impact, employee risk, and operational risks. We then apply additional factors to quantify our residual risk rating. These additional factors include complexity, controls, speed or response, technology/systems/data, third-party risks, and assurance.	2023 CDP Section C1, C2 10K Item 1A: Risk Factors
Metrics & Targets	Fastenal currently measures a scope 2 intensity reduction target. We are working toward 45% intensity reduction in key facilities by 2030 with a base year of 2021. Progress on this target will be reported in the annual CDP report. Our intensity reduction target is not an absolute target. As we develop our carbon transition plan that aligns with a 1.5 degree Celsius world, we are exploring how to develop a carbon transition plan including a variety of goals, and objectives including working towards the goal of Net Zero by 2050. In the second half of 2023, we conducted a scope 3 materiality assessment with a leading third-party consultant to gain insight into our scope 3 emissions created in our value chain as part of this carbon transition plan. GHG Intensity: 0.00002313 metric tons of CO_2e per $ of revenue Scope 1 Emissions: 130,852 tCO_2e Scope 2 (Market Based) Emissions: 39,077 tCO_2e (Market Based)	2023 CDP Section C4, C6 Preserving Our World: GHG Management

SDG Index

We recognize the importance of the United Nations 2030 Agenda for Sustainable Development. The UN Sustainable Development Goals (SDGs) call on governments, businesses, and civil society organizations to address the most urgent problems facing our world today. The goals urge all sectors of society to drive greater participation and leadership, and to invest more resources into solutions that reduce inequality and tackle the escalating climate emergency.

Fastenal supports the 17 United Nations SDGs; however, we believe we contribute the greatest impact in support of the nine SDGs listed below.

UN SDG	SDG Target	Fastenal Indicators
 Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages	**Target 3.6:** By 2030, halve the number of global deaths and injuries from road traffic accidents **Target 3.9:** By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	Governance: Responsible Sourcing Preserving Our World: Transportation Preserving Our World: Reducing, Reusing, and Recycling
Affordable and Clean Energy Ensure access to affordable, reliable, sustainable and modern energy for all	**Target 7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix **Target 7.3:** By 2030, double the global rate of improvement in energy efficiency	Preserving Our World: Transportation Preserving Our World: Facilities and Operations
Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	**Target 8.4:** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead **Target 8.7:** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms **Target 8.8:** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Supplier Code of Conduct Empowering Our People: Human Rights and DEI Preserving Our World: Our Strategic Focus

UN SDG	SDG Target	Fastenal Indicators
 Industry, Innovation, and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	**Target 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all **Target 9.2:** Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries **Target 9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities **Target 9.5:** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	Serving as a Trusted Partner: Our Sustainability Solutions Preserving Our World: Our Strategic Focus Preserving Our World: Facilities and Operations
 Reduced Inequalities Reduce inequality within and among countries	**Target 10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status **Target 10.3:** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	Empowering People: Workplace Health & Safety
 Sustainable Cities and Communities Make cities and human settlements inclusive, safe, resilient, and sustainable	**Target 11.3:** By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries **Target 11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	Preserving Our World: Our Strategic Focus Preserving Our World: Facilities and Operations

UN SDG	SDG Target	Fastenal Indicators
 Responsible Consumption and Production Ensure sustainable consumption and production patterns	**Target 12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse **Target 12.6:** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Preserving Our World: Reducing, Reusing, & Recycling Serving as a Trusted Partner: Our Sustainability Solutions Serving as a Trusted Partner: Green Products Program
 Climate Action Take urgent action to combat climate change and its impacts	**Target 13.1:** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Empowering People: Community Engagement
 Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	**Target 16.2:** End abuse, exploitation, trafficking and all forms of violence against and torture of children **Target 16.3:** Promote the rule of law at the national and international levels and ensure equal access to justice for all **Target 16.5:** Substantially reduce corruption and bribery in all their forms	Governance: Responsible Sourcing Empowering People: Human Rights and DEI Supplier Code of Conduct

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