

2022

ESG Report

Empowering **people**, sustaining the **planet**, and providing **solutions** for our strategic partners.



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► Welcome to Our Inaugural ESG Report

This isn't the beginning of Fastenal's journey to improve our impact on people, communities, and the planet. In many respects, the journey began with our founding in 1967, and in more recent years we've sharpened and formalized our focus on environmental, social, and governance (ESG) aspects. That said, creating this report marks an important step in the maturity of our program. We're excited to build on this foundation by publishing annual ESG reports moving forward.

We continue to appreciate our stakeholders' interest in Fastenal's ESG direction. Much of this interest is focused on specific concerns, whether it's reporting via certain frameworks, the state of certain statistics, or compliance with various certifications. These specifics are important – they bring structure and rigor to our efforts – but it's also important to step back and appreciate the big picture. We are an organization that prioritizes employee development, empowerment, and advancement. We challenge each other to be resource-conscious and ethical in everything we do. And our core strategy centers on the reduction of resource consumption in our customers' supply chains. We believe these principles create a natural alignment of Fastenal's growth goals with the ESG priorities of our stakeholders.

As touched on above, many of our team members have been focused on ESG aspects for years, and many have become industry leaders in their respective areas of expertise. Our supply chain teams have compliance experts around the world who work to increase supplier diversity, ensure the integrity of our green product program, and maintain high ethical standards across our global supply chain. Our environmental health and safety

(EHS) and sustainability teams focus on safety in our workplaces while promoting waste reduction, recycling, and recovery throughout the organization. Our transportation team is continually capturing the latest fuel-efficiency and safety technology in our fleet of long-haul and final-mile delivery vehicles. And our property teams are always seeking ways for us to operate more safely and sustainably.

In short, we have a lot of energy and expertise surrounding ESG in our organization. What we *haven't* had (until now) is a dedicated resource to bring coordination and visibility to all of those efforts. To help us do this more effectively, we created new roles focused on ESG in 2021, and we've continued to build a dedicated ESG team. Their responsibilities encompass five main areas:

1. Expand benchmark reporting to incorporate additional frameworks.
2. Improve external disclosure to better communicate our efforts and impact to employees, customers, and investors.
3. Work with various teams to develop long-term sustainability and social goals and the means to achieve them.
4. Build community engagement through events such as the annual BK5K race, which honors one of our founders, Bob Kierlin, and raises funds for children's causes in several of the communities in which we operate.
5. Further develop "ESG as a service" through our customer-facing sustainability solutions. By helping customers reduce resource consumption in their supply chains, we're working to differentiate ourselves in the market and make a difference in the world.

This letter is being written in Q4 2022, and our commitment to ESG is shining through. During 2022, we announced that we are working towards a plan to reach net zero emissions by 2050, including an expectation to establish science-based targets within the next two years. We've also received certification to the ISO/IEC 27001 Information Security Management System, the ISO 14001:2015 Environmental Management System, and the ISO 45001:2018 Occupational Health and Safety Management System. Currently we hold a Bronze sustainability rating from EcoVadis.

We look forward to taking a deeper dive into these areas in next year's report. Until then, thank you for taking time to learn about Fastenal's ESG progress in 2021. Our "Blue Team" is working hard to be a force for positive change – in our business, for our customers, and across global supply chains – and we're proud to share their story.

GO BLUE!



Dan Florness
President and CEO



► Who We Are

Organizations partner with Fastenal to simplify inventory management, illuminate data around inventory and usage, and reduce waste and risk in the supply chain. By relying on our teams to manage daily needs and optimize supply chain performance, these organizations are able to focus finite resources on their fundamental purpose. From a high-level ESG perspective, our goal is to help them bring more value to the world while using fewer resources.

Our strategic supply model requires end-to-end capabilities. This includes global sourcing and quality teams, a diverse and closely-aligned supplier network, high-tech distribution centers, a captive transportation fleet, thousands of in-market servicing locations, and tens of thousands of inventory management solutions embedded within customer sites. In short, we are able to impact and improve the supply chain because 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 ever more efficient 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

The above phrase isn't just a headline; it's Fastenal's tagline, reflecting our evolution from a distributor of products to a provider of technology-driven supply chain solutions.

Sustainability is an intrinsic feature of our 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.

Today, technology is taking this value proposition in new directions and to new heights. Our technology allows organizations to visualize their current inventory, limit consumption at the point of use, and understand how products are being used in their business. It also allows our own teams to be more strategic and proactive in how we manage the upstream supply chain.

[Go to About Us](#)[Go to Investor Relations](#)

► The Values Behind Our Vision

Since our founding in 1967, Fastenal has prospered through a core belief in people, careful resource consumption, and sustainable value creation for our stakeholders – foundational aspects of our identity that predate the concept of “ESG” but closely align with our ESG vision. This vision can be summed up with three words:



Because we value people, we prioritize safety, we foster a culture of diversity, equity, and inclusion, and we strive to improve communities and the planet. Because we believe in human potential (versus fixed talents), we invest in career-long learning resources for every employee. We empower them to make local decisions and to “think big” for our customers. And we remain strongly committed to promotion from within, creating pathways for employees to branch out, build rewarding careers, and become leaders in our organization.



Our core strategy involves helping organizations become more resource-efficient across their supply chains, which naturally aligns with the environmental priorities of our stakeholders. It starts with our own span of the supply chain, where structural changes in our physical footprint and our use of vehicle fuel have led to greater efficiency. This translates to lower relative emissions and reduced current and future resource consumption and waste generation. We accelerated our progress on these fronts in 2021, and we’re excited to continue the journey.



We invest in personnel, partnerships, and structures – locally and around the world – to maintain continuity of supply for our strategic partners even in times of global disruption. But we don’t just help organizations keep running. We help them *move forward* with solutions to drive their most important business goals, including those related to ESG. Our overriding mission: help them create (and continuously improve) a supply chain that’s not only strong, lean, and reliable but also ethical, humane, safe, and sustainable.

► Fastenal at a Glance: Key Stats Regarding Our Global Business in 2021



People



20,507

Employees

71% directly serve our customers



627,000

Fastenal School of Business Trainings Completed

17 hours of training per FT employee and 9 hours of training per PT employee (on average)



520+

Highly-Trained Specialists engineering, safety, Lean Six Sigma, metalworking, construction, solutions, national accounts



Proximity



3,209

In-Market Selling Locations (including **1,416** Onsite locations) spanning **25** countries



90%

of Product Tonnage in N. America Ships on Our Internal Trucking Fleet reducing cost and enhancing service



57%

of Our \$1.5 Billion in Inventory is Staged Locally for same-day fulfillment



Solutions



92,874

Weighted FASTBIN/FASTVend Installations (MEUs) and **~12,000** leased check-in/check-out lockers (non-weighted)



92%

of Total Revenue comes from customers utilizing more than one of our sales channels and tools, with 68% of total revenue coming from customers utilizing four or more*



43%

of Total Revenue comes from our Digital Footprint**



Differentiators



180+

Supply Chain Professionals dedicated to sourcing, quality, and logistics functions, including 70+ experts positioned outside North America



377M

Products Manufactured, Modified, or Refurbished by our in-house manufacturing and industrial services divisions



944

Customer Site Evaluations Performed by our Lean Solutions team to uncover sources of supply chain waste

* Sales channels and tools include branch, Onsite, Fastenal Managed Inventory (FMI), national accounts, and web.

** 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.



Governance

“G” may be the last letter in “ESG,” but ethical, effective governance is where ESG begins. Even in a decentralized organization such as Fastenal, employees look to leadership to define goals, set standards, provide resources, and prioritize areas of focus. Below is a look at some key personnel, procedures, and guidelines we employ to foster 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 the enterprise, including areas involving potential risk such as ESG. Seventy percent of the board, including the chair of the board, is independent, which helps to broaden our perspective and deepen our understanding of ESG topics. The chair of the board has responsibility for climate-related issues and leads all directives for the agenda of board meetings. The topic of ESG, including climate-related issues, occurs 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 proposes climate-related topics to be included in the quarterly board meeting agenda.

The independent members make up three standing committees focused on critical board duties.

- **Nominating and Corporate Governance Committee** (formerly the Nominating Committee): Assists the board in maintaining appropriate candidates to serve as directors of the organization. This committee receives quarterly updates from the ESG team.
- **Audit Committee**: Assists the board by overseeing our management and independent registered accounting firm with regard to corporate accounting, financial reporting, internal controls, audit matters, and corporate risk management.
- **Compensation Committee**: Assists with the structure and approval of executive compensation plans.

These committees ensure Fastenal has a strong commitment to ethical and responsible business practices, and that 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 2022 proxy statement on our [investor resources site](#).

► ESG Management

ESG oversight is provided by our board of directors (spearheaded by the Nominating and Corporate Governance Committee) as well as our executive leadership. Strategy is supported by the ESG Enterprise Strategic Alignment Project, which is updated on a quarterly basis and asked to provide input on strategy. Under the supervision of our CFO, our ESG team works with various stakeholders across the organization to define goals, implement strategies, and measure progress within their areas of the business.

A point of clarification: For years, we have had many experts throughout the organization focused on various aspects of ESG – from safety and sustainability to compliance and community outreach. In 2021, we created a dedicated ESG team to help coordinate and bring visibility to all of those efforts. We have continued to build and develop this team and are excited about the improvements we’re seeing in terms of reporting, external disclosure, goal creation, community engagement, and further development of our customer-facing sustainability solutions (“ESG as a service”).



► Product & Sourcing Compliance

As a strategic supplier, 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 product compliance specialists worldwide to ensure the products we supply comply with applicable standards and regulations across global supply chains. These teams don't just keep pace with change – they influence it. It starts by listening to our customers and serving as advocates to address their supply chain concerns around the world. One of their core functions is to provide visibility to product attributes our customers care about most. This includes using the following icons on our eCommerce platform and other marketing channels to help customers make informed purchasing decisions.



Restricted Product

Identifies where products cannot be sold based on local, state, provincial, or federal regulations (or due to Fastenal business decisions).



REACH and RoHS

Identifies items determined to be compliant with these regulations.



Safety Data Sheets (SDS)

Provides a link to the product's safety data sheets (in multiple languages if available).



Conflict Minerals

Identifies products that contain 3TG (aka “conflict”) minerals, which the United States SEC has defined as gold, columbite-tantalite (coltan), cassiterite, wolframite, or their derivatives (tin, tantalum, or tungsten).



CA Proposition 65

Identifies products that do/may contain chemicals listed under California Proposition 65.

View Fastenal's most recent [Conflict Mineral Report](#).

► Responsible Sourcing

Through our supplier terms and code of conduct, we require our suppliers to comply with all applicable regulations. 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 analysis 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, and reliability.

Conformance to our supplier code of conduct is required to become, and maintain good standing as, a supplier to Fastenal for 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](#).

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 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 also expect suppliers to comply with the [Responsible Business Alliance Foundation \(RBA\) Code of Conduct](#) and 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 applicability and/or compliance of products supplied by Fastenal.
- Continue our involvement with industry groups, such as the Twin Cities Conflict Mineral Task Force, to stay on top of developments, changes, and future industry- and supply chain-focused requirements.

View Fastenal's most recent [Conflict Mineral Report](#).



▶ Overseas Sourcing and Quality Resources

Nearly 16% of our product spend by value, excluding logistics costs, is purchased through our Asia-based global sourcing operation known as FASTCO (short for the Fastenal Asia Sourcing & Trading Company). FASTCO gives us direct visibility to this segment of the supply chain, allowing us to monitor the working conditions of overseas suppliers and maintain a high level of control over product quality. This resource is made up of more than 200 Asia-based personnel, including auditors, engineers, and quality and logistics specialists.

We also operate five overseas testing labs accredited by A2LA (the American Association for Laboratory Accreditation). These labs provide mechanical and chemical fastener analysis to meet internationally recognized standards as well as customer specifications.



► Cyber Security & Data Privacy

In 2021, we continued our multi-year effort to pursue certification to the ISO 27001:2013 Information Security Management System (ISMS). This was subsequently achieved in 2022 after our completion of a formal audit process by A-LIGN, an independent and accredited certification body in the United States.

ISO 27001 is an information security standard published by the International Organization for Standardization (ISO), the world's largest developer of voluntary international standards, and the International Electrotechnical Commission (IEC). Complying with this standard in 2021 (and achieving certification in 2022), demonstrates that Fastenal has met rigorous international standards for ensuring the confidentiality, integrity, and availability of data. This compliance/certification reflects our commitment to information security at every level. We seek to ensure that security of data and information has been addressed and that proper controls have been implemented in all areas of the organization.

Fastenal's Information Technology Security team is tasked with monitoring cyber security and operational risks related to information security and system disruption. This team employs measures designed to protect against, detect, and respond to cyber events or attacks. The team has implemented processes and procedures aligned with our ISMS to support and promote resilient programs. This includes:

- Enterprise security framework and cyber security standards
- Cyber security 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

Our board of directors and audit committee are actively engaged in the oversight of our information security program and are updated on a quarterly basis. 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 on (at least) a quarterly basis by members of our IT Security, Compliance, Governance, and Audit teams.

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



► 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 analysis 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, and reliability.

Conformance to our supplier code of conduct is required to become, and maintain good standing as, a supplier to Fastenal for 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 includes a review and acceptance of our policies and procedures guide as well as standards of conduct that include applicable policies and expectations regarding human rights, business ethics, anti-bribery, anti-corruption, cyber security, and employee health and safety.

Compliance Trainings

As part of our people-centered culture, Fastenal invests in comprehensive, career-long employee training and development, 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 2021.





People

► Our Approach

What is the secret ingredient that has enabled Fastenal to grow from a small-town fastener shop into a multibillion-dollar global organization? The answer: great people, and a culture that empowers them to use their full creativity in pursuit of a common goal. While Fastenal has embraced rapid change and new ideas over the years, we have never lost sight of a foundational belief – that “ordinary” people can accomplish extraordinary things when provided with trust and opportunity along with training and support. Our people-centered strategy can be summarized with some simple thoughts:



Find **great people**.



Invite **them** to join.



Challenge them to teach, learn, and be willing to change.



Remind everyone that no single group of people has a monopoly on talent, ambition, or ability.



Give people a **reason to stay**.



Promote **from within**.



[Go to Fastenal Culture](#)

This approach fosters a workforce that is not only tremendously talented but also increasingly diverse.

► Diversity, Equity, and Inclusion

As of December 31, 2021, we had 20,507 employees worldwide. 16,548 of those employees were located within the United States, 2,568 employees were located in Canada and Mexico, and 1,391 were located overseas in 22 other countries around the world.

Non-Discrimination

It is Fastenal's policy to provide equal employment opportunity/affirmative action to all employees and applicants for employment in accordance with all applicable federal, provincial, state, or 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.

Diversity Data & Reporting

Our EEO-1 data shows steady improvement over time in terms of Fastenal's proportion of female and minority employees. The below EEO-1 data was initially published in 2020 and contains data through calendar year 2021 in the United States.

As indicated in the chart, women and minorities constituted 24.2% and 21.0%, respectively, of our United States workforce in 2021. 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. These two industries traditionally represent about 80% of our United States sales, providing useful context for our workforce recruiting pool, composition, and trends.

U.S. Data (2012 - 2021)							
Year	Males	White	Minority	Females	White	Minority	Minority Total
2012	82.3%	72.3%	9.9%	17.7%	15.5%	2.2%	12.1%
2013	81.2%	70.4%	10.8%	18.7%	15.9%	2.8%	13.6%
2014	80.1%	68.6%	11.5%	19.8%	16.4%	3.4%	14.9%
2015	78.9%	66.3%	12.6%	21.0%	17.2%	3.8%	16.4%
2016	78.0%	64.4%	13.5%	21.9%	17.6%	4.2%	17.7%
2017	77.2%	63.1%	14.1%	22.7%	18.0%	4.6%	18.7%
2018	76.1%	61.2%	14.8%	23.8%	18.6%	5.2%	20.0%
2019	75.4%	60.3%	15.1%	24.5%	18.8%	5.7%	20.8%
2020	75.5%	60.6%	14.8%	24.4%	18.7%	5.6%	20.4%
2021	75.8%	60.6%	15.2%	24.2%	18.4%	5.8%	21.0%

The proportion of women and minorities in our United States workforce declined slightly in 2020. It is difficult to quantify the impact of the severe social disruption caused by Covid-19 during this period. In 2021, as the societal impacts of Covid-19 continued, we lost some additional ground with our female workforce composition; however, our positive minority workforce composition trend resumed. That said, we believe the data is best viewed over time rather than year to year. On this basis, there is a clear trend toward greater diversity in our business. Our female and minority workforces have grown 2.7x and 3.8x faster, respectively, than our overall U.S. workforce over the last nine years.

This trend reflects multiple dynamics in our business evolution, including the natural progression of our geographic expansion, the cycle of promotion from within, and efforts to improve hiring processes over time. We expect the trend toward greater diversity throughout our organization 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 leadership as they administer and adhere to the system and processes. The ultimate goal is straightforward: hire the candidate who is the best match for the position based on their skills and abilities. In light of our commitment to promote from within, we know we are welcoming a potential future leader with every new hire. In accordance with our decentralized leadership structure, all hiring managers complete their own interviews and make local hiring decisions.



Ambition

By thinking big and outworking the competition, we add value for our customers, drive growth for our organization, and create opportunities for ourselves.



Integrity

Our decentralized culture wouldn't be possible without personal integrity at every level of the organization – people with integrity don't need complex rules and constant supervision to do the right thing.



Innovation

We believe the best ideas come from the people closest to the customer or process.



Teamwork

We succeed by surrounding ourselves with talent, supporting those around us, and challenging each other to become better every day.

Hiring

The cornerstone of the hiring process is our Applicant Tracking System, which was developed 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 internal 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 (formerly Local Job Network), which each day shares the job postings from the Fastenal.com Careers page with over 600 diversity and partner sites 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 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 to questions 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 for consistency while still allowing hiring decisions to be made locally. This process is followed for all new hires, and we replicate the same procedures for 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 ensuring our cultural values are demonstrated by leadership, and 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. Our internal promotion pathway is 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's approach to training our employees continues to evolve as the organization expands globally, pursues new endeavors, and adapts to world changes. Our corporate university, the Fastenal School of Business (FSB), consists of professional staff focused on course research, design, instruction, advising, and management. These individuals develop, maintain, and deliver Fastenal-specific training through published materials, online courses, virtual and classroom instructor-led trainings, and videos. In 2021, Fastenal employees completed 627,000 FSB training courses for a total of 310,794 training hours.

We continue to provide classroom instructor-led trainings for those topics best suited for in-person techniques. However, we have greatly increased our virtual instructor-led trainings and asynchronous online courses, providing employees with diverse training options directly from their work locations around the world. With these delivery methods, employees still benefit from one-on-one interaction with instructors, networking opportunities with their peers, and immediate application of skills, but they're able to do so with a much more focused and flexible time commitment. Our virtual training expansion has coincided with an acceleration in training participation. Put another way, employees are gaining skills and knowledge earlier in their careers and at a faster pace over time. There's also an environmental benefit: A higher proportion of virtual (versus classroom) instruction translates to less business travel.

Virtual Training

Role-specific training plans have been developed to help each employee focus on the knowledge and skills necessary to be successful in their current role or in a new role they want to explore. This includes new employees, to our leadership, even our president and CEO. Whether they're looking to advance in their current pathway or take a new direction, employees are able to use their personalized FSB training plans to move forward in their careers.

Leadership Enhancement Program

Leaders in various areas of the organization have an opportunity to complete our Leadership Enhancement Program, during which they receive a 360-degree leadership feedback assessment as well as a Workplace Big 5 Personality Assessment to improve self-awareness and identify growth opportunities. By defining those opportunities, focusing on Fastenal's 24 Leadership Competencies, and learning techniques for dilemma management, leader influence, and emotional intelligence, our leaders become more confident and skilled in creating an inclusive environment of growth for their teams.



▶ Workplace Health & Safety

We've taken a multi-faceted approach to safety that helps us understand and reduce hazards in our business. Trainings, audits, inspections, risk assessments, safety coaching, and employee engagement are all programs that help us consistently manage our facility and employee safety. Our internal scorecard system and safety management system are designed to help us maintain focus on a variety of risks while we sustain an inclusive safety environment that contributes to innovation and improved performance. We continue to expand and evolve our safety programs to better meet our employee needs and workplace conditions as our business grows.



Our Response to Covid-19

As the pandemic continued into 2021 (and beyond), Fastenal maintained initiatives to provide a safe, healthy work environment for our employees and customers. Bi-polar ionization units were installed in all Fastenal-owned buildings with more than 50 employees to improve air purity. Additional days of leave were provided for full-time and part-time employees to cope with the health and family impacts of Covid-19. Our Business Continuity team maintained regular communication regarding the impacts of the pandemic as well as the necessary steps to adhere to health and safety protocols and procedures. And Fastenal continued to work with customers to maintain continuity of service while meeting their specific health and safety requirements.

Our Approach

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 2021, there was a 31.7% increase in employee participation in the near-miss program across our North American distribution centers and manufacturing facilities compared to 2020. More generally, ideas and feedback from employees are playing a vital role in driving continuous improvement to Fastenal's EHS programs.

Awards & Recognition

As a result of this team effort, Fastenal was able to earn the following safety-related distinctions.



In November 2021, Fastenal was named one of America's safest companies for 2021 by EHS Today.



An April 2020 Bloomberg article highlighted Fastenal as an organization that gained ESG credibility through its effective Covid-19 response.



In April 2020, Fastenal achieved a 'AA' ESG rating by MSCI Ratings Agency. As a result of improvements in our health and safety programs, we were ranked among the top 22 companies in our peer group.



In November 2020, Fastenal was approved as a voting member of the TC28C ISO 45001 Occupational Health & Safety Management Technical Committee.

[Go to Safety Solutions](#)

Proactive Employee Engagement

In keeping with our people-centered culture, we believe employee participation and feedback are central to workplace safety. 100% of our large (non-branch) facilities have formed EHS committees and first response teams made up of local personnel. In all, these committees include hundreds of employees ranging from new part-time employees to tenured full-time leads.

In addition, more than 2,700 North American locations participated in regular monthly assessments of work practices, workplace conditions (hazard identification), employee onboarding, safe driving, emergency preparedness, and housekeeping, among other areas of focus. This process also gives employees an opportunity to provide feedback and ask questions specific to their facilities.

In 2021, the EHS & Sustainability team focused on improving employee engagement through programs such as our 90-day new hire program, newly-promoted supervisor program, and the 'big branch' program. This engagement has contributed to strong safety performance by our United States-based branch network, which had an incident rate (TRIR) of 1.94, an experience modification rating (EMR) of 0.45, and a three-year average incident rate (TRIR) of 1.87.

Environmental, Health & Safety (EHS) Training

In 2021, Fastenal employees in North America completed more than 84,000 trainings related to safe lifting, defensive driving, workplace harassment, workplace violence, security, hazard communication, and powered industrial trucks. In addition, North America-based employees participated in more than 23,600 job coaching observations and toolbox talks to help develop, sustain, and improve safe work practices. Finally, more than 31,000 assessments were completed in 2021, helping to identify opportunities to improve workplace conditions, prevent injuries and incidents, and reinforce best practices.

Occupational Health and Safety Management Systems

In 2021, Fastenal started the process to attain third-party certification to the ISO 45001: 2018 Occupational Health and Safety Management System (and we went on to achieve this certification in 2022). Working within this best practices framework, we collaborate across the organization to continually learn, adapt, and improve. Our EHS Management System team helps determine EHS objectives, and employee representatives from various aspects of the business participate in our EHS Management System annual team meeting to provide feedback and ideas for continual improvement.

In 2021, the most recent year for which this figure has been calculated, Fastenal had an EMR of .45, which is 55% better than the average performance rate for our industry. (Applies to our North American operations).

► Community Engagement

Since our start in 1967, Fastenal’s founders believed in being humble and staying out of the spotlight. They also believed in decentralized decision-making, empowering employees to make local decisions for their customers, for the organization, and also for their communities. Today, this spirit shines through in local markets across the globe where our employees strive to be active in their communities through volunteering and donation efforts. To provide resources and structure for those efforts, we’re working to build a sustainable community strategy focused on the following areas.

Pillars of Community Engagement



Donations

In 2021, Fastenal gave monetary donations of \$959,000 to various organizations. We also donated products through our local branches and distribution centers to various organizations and disaster relief efforts. Some back story on one of these initiatives: In October 2016, Habitat for Humanity reached out to our Akron, Ohio distribution center looking for a representative to join their safety committee. After several meetings and facility walkthroughs, we created a partnership to be a solution for their local supply needs, which included donating pallets of PPE and other supplies. In 2021, we donated masks, nitrile gloves, and cleaning supplies for their pandemic response. We continue to deliver donated items to the Habitat for Humanity Restore for community use, and we keep them front of mind when considering alternative waste/reuse streams.



BK5K

Through our [BK5K Road Race](#) program, Fastenal employees organize community events across the globe, working with sponsors to provide hundreds of thousands of dollars to youth programs each year. In 2021, Fastenal employees volunteered a total of 683 hours of their time for event planning, grant reviews, and race-day coordination to help make the BK5K successful in their communities. Funds raised by the BK5K are donated through a grant process to local area youth organizations and programs that have demonstrated financial need. Since its initial run in 2000, the BK5K has provided over \$2.2 million through grants and in-kind donations. These donations help fund 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.



Workforce Development

In addition to youth programs, we also focus on assisting organizations that support professional development and wellness. For over six years, we have supported Wells Academy, a 501(c)(3) education program that provides computer numerical control (CNC) machine training and jobs for Native American people in economically disadvantaged areas of northern Minnesota. Since 2016, we have awarded \$272,000 in scholarship funds for Wells Academy, providing significant financial support to the ongoing operation of this one-year, 2,000-hour program. Wells Academy was founded by Andy Wells, CEO and founder of Wells Technology, a high-precision fastener manufacturer in Bemidji, Minnesota.



Blue Team Sports

In 2012, Fastenal launched our Blue Team Sports program, which supports community sports teams and overall wellness by providing free athletic apparel for employees and their families. In 2021, we outfitted 376 teams in North America, providing apparel for 3,900-plus people who participated in a vast 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, and wrestling.



Planet

This section will provide statements pertaining to our scope 1 emissions related to fuel combustion in our furnaces, boilers, and vehicles; scope 2 purchased electricity emissions; and scope 3 waste related to our business operations.

► Our Strategic Focus

Fastenal began reporting to the Carbon Disclosure Project (CDP) in 2020 in accordance with the Greenhouse Gas (GHG) Protocol, and our overall grade increased in the 2021 report. In 2021, we formed an ESG team whose responsibilities include tracking and reporting on our GHG emissions. This team worked with outside experts to implement a methodology to track and monitor emissions across key locations. 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 within the next two years.

As we pursue this goal and solidify our net zero strategy, we're building upon a strong organizational foundation. This includes a continuance of our commitment to: (1) invest in infrastructure and innovation, (2) trust, empower, and use the creativity of our employees, (3) take an exceptionally frugal approach with our own resource use, and (4) provide sustainability solutions to our customers designed to reduce resource consumption across their supply chains, which includes working with our suppliers to drive upstream efficiencies and enhance our green product portfolio.

Due in part to our decentralized operations, we believe Fastenal's exposure to climate-related events is limited. However, we are investing time and resources to better understand climate-related risks, help us comply with current regulations, and adapt to changing customer needs. An internal Enterprise Strategic Alignment Committee, which is focused on sustainability, will continue to evaluate areas where additional investment in research and development is needed.



GHG Management

At Fastenal, we're always seeking ways to make our business more efficient and sustainable. **Key areas of focus in our own operation include transportation, consumption, energy use, waste reduction, and recycling.**

We continue to track scope 1 and 2 emissions across more areas of operation. Fastenal's 2021 CDP data reflects our ongoing plan to reduce fuel consumption by optimizing fleet operations, making our buildings more energy efficient, and reducing waste.



In 2021, Fastenal worked toward certification to the ISO 14001:2015 Environmental Management System (and we went on to achieve this certification in August 2022). ISO 14001:2015 is an international standard that defines requirements for an effective environmental management system. This system allows Fastenal to identify opportunities to reduce our carbon footprint and environmental impact through a variety of best practices and initiatives.



Recognizing the large impact our internal transportation fleet has on GHG emissions, we are proud to be a certified EPA SmartWay partner. This program helps Fastenal to advance supply chain sustainability by measuring and improving freight transportation efficiency.

Scope	2021 (MT CO ₂ -eq)	2020 (MT CO ₂ -eq)	% Change
Scope 1*	132,030	134,410	- 1.8%
Scope 2	51,117	63,111	- 19%
Total	183,147	197,521	- 7.3%

Business Division	2021 Scope 1 Emissions (Metric ton CO ₂ e)	2020 Scope 1 Emissions (Metric ton CO ₂ e)	% Change
Manufacturing	3,060	2,815	8.7%
Shipping	107,057	106,659	.3%
Distribution	1,680	2,175	- 22.7%
Retail	20,233	22,761	- 11%
Scope 1 Total	132,030	134,410	- 1.7%

*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. Data provided relates to our distribution hubs in the US and Canada, branches and shipping operations in the US, UK, Switzerland, and EU, and manufacturing facilities in the US and EU.

Note: Our 2020 Scope 1 emissions in this report do not match those in our 2021 CDP submission.

► Transportation

Decades ago, Fastenal made a pioneering decision to internalize and innovate logistics within industrial distribution. By operating our own transportation network, we're able to optimize supplier pick-up, transfers for secondary operations, and how our customers receive their product. It also allows us to directly impact environmental sustainability. Nearly 90% of the product tonnage transported in North America to meet our customers' needs travels via our internal fleet. This North American fleet includes more than 740 commercial motor vehicles (CMVs) as well as 8,200-plus RAM pickup trucks used to provide final-mile delivery service.

Approximately 60% of North American Fastenal 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 local branch personnel to execute final-mile delivery to the customer, and in many cases the destination is a point-of-use device or bin – a unique capability made possible through our investment in final-mile transportation and high-touch service.

For our final-mile fleet, we conducted a pilot to evaluate equipping the pickup trucks with telematics to electronically track idling and safe-driving practices. We also installed the RAM Level 1 Safety Group package in a segment of the fleet. Because we sell and replace a large portion of our final-mile fleet annually, we are regularly reviewing the latest fuel-efficiency and safety options available. In 2021, we replaced roughly 1,900 vehicles to capture the latest technology.

Since mid 2019, we have participated in the SmartWay carrier program, which helps carriers demonstrate their efficiency achievements, learn best practices, and pursue continuous improvement. We positively impact fuel efficiency in a variety of ways, including:

- 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 loads with excess capacity
- Back-hauling freight from suppliers and third-party logistics (3PL) customers to minimize one-way or “deadhead” loads
- Using telematics to monitor speed and, in turn, improve fuel efficiency (as well as safety)

We have played a leading role in adopting and helping to develop alternative fuel vehicles for commercial transportation. Over a decade ago, we leased seven compressed natural gas (CNG) tractors and purchased multiple half-ton pickups powered by dual-fuel energy (gasoline and CNG). In 2020 and 2021, we participated in a fleet-electrification collaboration program with Penske Truck Leasing and Daimler Trucks North America. For 18 months, we test-drove two fully-electric Freightliner eM2 straight trucks in the Los Angeles, California area. We also tested a fully-electric Freightliner eCascadia semi-truck, providing valuable feedback (based on real-world conditions and use) to guide future improvements to the technology. Additionally, in the fall of 2021 we initiated a demo test with Orange EV's fully-electric yard tractor at our Indianapolis, Indiana distribution center.



► Facilities & Operations

Energy Use and Consumption

Fastenal has always made it a priority to pursue energy efficiency throughout our organization. All distribution centers and corporately-managed facilities occupied after 2017 have completed LED lighting retrofits, and many have undergone additional efficiency upgrades. Some specific facility examples:

- Between 2018 and 2019, our manufacturing facility based in Winona, Minnesota invested in LED lighting retrofits, optimization studies, and efficiency programs to help reduce annual energy consumption by roughly 439,956 kWh.
- In 2021, we signed two long-term lease agreements for BREEAM-certified facilities (in the Netherlands and Czech Republic). We also equipped one building with solar power in 2021 and worked toward equipping another in 2022.
- In late 2021, we finished construction of a new office facility in Winona, Minnesota equipped with solar panels and rated a 4-star building through Minnesota's B3 Benchmarking program.



Over the past decade-plus, a key metric 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 key ratio by increasing throughput while optimizing square footage in our distribution centers. 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. By allowing us to build *up* instead of *out*, ASRS technology is making it possible to support the business with a more compact footprint and, in turn, reduced facility heating, cooling, and lighting needs.

To further improve distribution center efficiency, we are investing in regenerative braking on the ASRS cranes, which helps us reduce electrical consumption. In addition, we are only purchasing electric forklifts in all distribution centers, resulting in lower GHG emissions as well as less noise and improved air quality for our employees.

ENERGY STAR Partnership Program

In 2021, we partnered with ENERGY STAR to help improve our carbon footprint for facilities, and we achieved our first certified building in late 2022. ENERGY STAR-certified buildings save energy and help protect the environment by generating fewer GHG emissions than typical buildings. To be certified by ENERGY STAR, a building must meet strict energy performance standards set by the United States government's Environmental Protection Agency (EPA).



The ENERGY STAR program includes assessments to help our local branch facilities (the vast majority of which are leased, not owned and operated by Fastenal) meet certain requirements. This includes energy-efficient equipment, window film, LED bulbs/lighting, efficient building envelope, waste, and consumption management activities (among 57 points to improve environmental sustainability). In 2021, Fastenal's EHS & Sustainability team conducted 406 sustainability- and ENERGY STAR-focused branch audits.



Evolving Our Branch Infrastructure

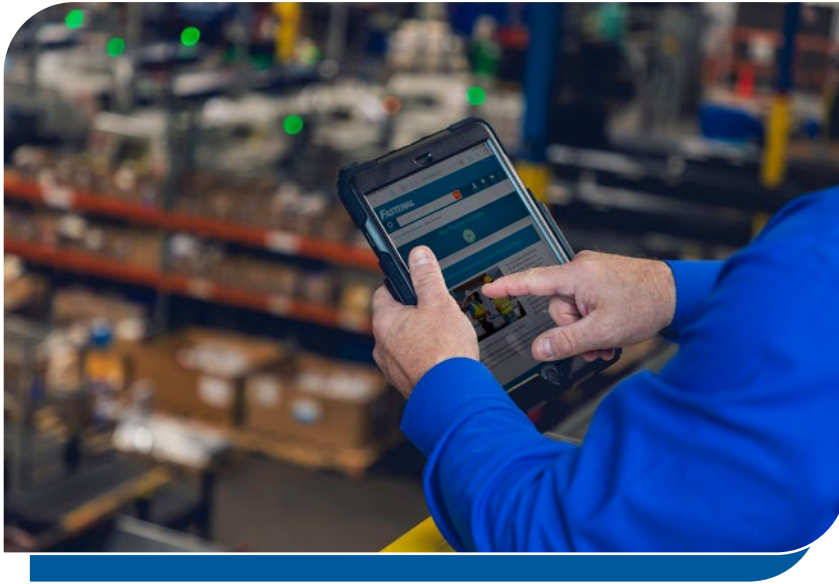
The Covid-19 pandemic prompted us to evaluate our United States public branch network and how we could evolve to keep pace with changes in our business and the environment. Previously, these public branches had relatively large front rooms with retail-like fixtures and standardized inventory for walk-in customers, along with a (usually smaller) back room to manage and store customer-specific inventory.

In 2019, we began testing our Market-Based Inventory (MBI) program to make our United States branch network more space-efficient and customer-focused. This included removing slow-moving standardized inventory (which often wasn't relevant for the local market), minimizing (or in many cases removing) walk-in "retail" space, and using that square footage to install high-density vertical shelving to support key customers' inventory needs.

Due to the success and operational improvements we saw in our branches, we accelerated the program to include more than 250 MBI transformation projects by the end of 2021. As a result, these branches gained significant cubic footage – room to grow the business (and improve our service) without expanding our brick-and-mortar footprint and associated energy consumption. In select locations, we also began implementing pick modules to create a second floor of warehousing space, supporting thousands of additional products within the existing structure.

In many markets, this initiative has created opportunities for local branches to consolidate and operate in one building instead of multiple buildings, setting the stage for additional efficiencies. An example of this strategy is our branch in Chanhassen, Minnesota. In Q3 2021, we invested in this location and consolidated three buildings (20,000 square feet combined) into one building with 14,500 square feet. This location is now home to six business units operating under one roof, with ample room to grow. With this project, we achieved a range of environmental benefits, including the following:

- Upgraded to LED lighting
- Reduced gas and electricity consumption by separating the office and warehouse spaces
- Reduced the number of pickup trucks used by branch employees
- Reduced the number of delivery stops from the distribution center (now delivering to a single location vs. six previously)
- Became more strategic and efficient in our deliveries to local customers



Environmental Risk Assessments

To help us continue to perform at a high level and meet our ISO 14001:2015 requirements, we have partnered with U.S. Compliance and EMI, which provide a variety of consulting, auditing, and program services. We use risk assessments from these partners to identify areas of opportunity and consistently improve sustainability within our business operation. These assessments help us continually improve and sustain a high level of regulatory environmental compliance related to areas like air quality, the Clean Water Act, and the EPA's Resource Conservation and Recovery Act – all helping Fastenal to maintain a low level of risk for the environment and communities in which we operate.



Sustainable Purchasing

We have implemented a variety of systems and programs to reduce consumption and, in many cases, to reuse or recycle resources in our own operation. In cases where we do purchase and consume materials, we work to ensure these materials align with our organizational ESG objectives. Our near-term goals include increasing the share of products used in our operation that are environmentally-friendly or eco-certified and/or manufactured by diversity-owned businesses.

► Reducing, Reusing and Recycling

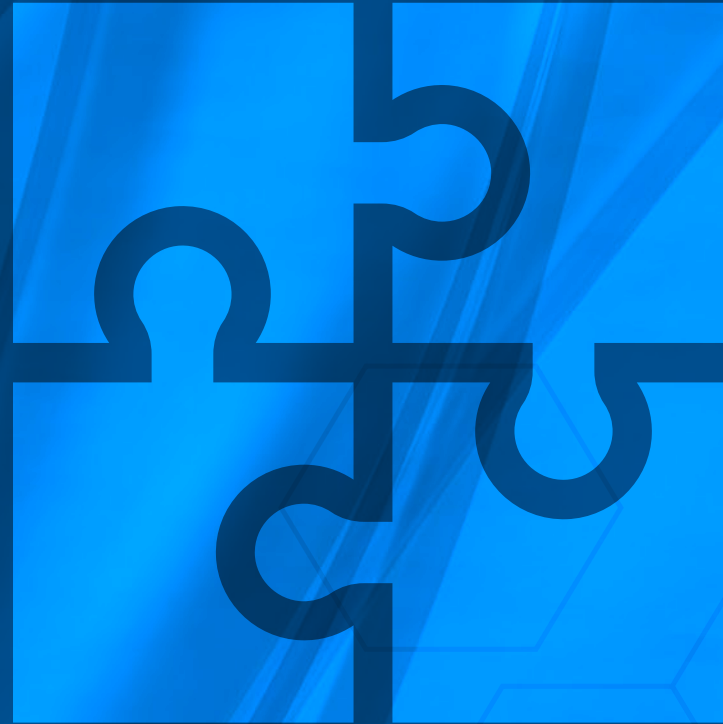
Fastenal is pursuing a range of initiatives focused on energy consumption reduction, water consumption reduction, recycling and waste reduction, and efficient use of resources. Through these initiatives, we're working to reduce our operational impact on the environment and also the impact we have on our customers as part of their supply chains.

Fastenal's ENERGY STAR Portfolio Manager program has illuminated opportunities to reduce energy consumption through improved technology, processes, and programs. LED lighting projects, motion sensor systems, and energy consumption reviews are all part of our ongoing effort to adopt technology that reduces consumption of energy.

Meanwhile, we're working to educate employees about environmental best practices and instill improved habits and behaviors. Overall, employees participated in 28,410 environmental trainings during the year. This includes training focused on energy reduction strategies, hazardous material and hazardous waste, environmental sustainability, and hazard communication. From 2019 through 2021, more than 5,000 sustainability assessments were conducted throughout our North America branch network. These assessments focus on three key areas: recycling and reducing waste, minimizing energy consumption, and reducing consumption of resources. In addition, our facilities pursue sustainable work practices by following procedures to reduce consumption and better manage waste streams.

Each of Fastenal's distribution centers and manufacturing facilities track waste and energy consumption, seeking opportunities to minimize environmental impacts. In 2021, more than eight million pounds of material were recycled within our United States-based distribution centers and manufacturing facilities. This contributed to a 32% increase in pounds of waste diverted from landfills in 2021 compared to 2020. The improvement was largely driven through expanded recycling of wood and cardboard materials. Another example can be found in our in-house manufacturing operation, where we're able to reclaim much of the lubricant/coolant used in our manufacturing processes.





Sustainability Solutions

► Our Sustainability Solutions

Because Fastenal is part of so many supply chains around the world, when we improve our ESG practices, it can be amplified on a global scale. But it doesn't end with our internal operations – we also offer a range of solutions to help our customers move forward with their own ESG initiatives. This section focuses on Fastenal's customer-facing programs and services in the following areas.



Environmental Solutions

Products, services, and systems to reduce consumption and waste



Social Solutions

Resources to improve workplace safety and supply chain diversity



Governance Solutions

Systems and reporting to improve supply chain transparency and regulatory compliance



Environmental Solutions

Our environmental solutions for customers fall into four categories. With this holistic program, customers have access to a portfolio of technologies and services that can help them reduce their carbon footprint across the lifecycle of manufacturing, transportation, usage, and recycling & recovery.



Category Management

Substitutions to green and/or longer-life products



FMI Technology

Solutions to create a more transparent, efficient, and proactive supply chain



Product Life Extension Services

Including tool repair and tool and cutter grinding



Recycling & Recovery Programs

Turning would-be waste into usable resources



► Green and Energy Efficient Products Program

To meet a broad range of our customers' application needs, Fastenal offers 76,000-plus environmentally preferred products (consisting of both certified green and non-certified green products). 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.

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 green product program.

Non-Certified Green Products

Although not certified by a third party, these products offer environmental benefits according to information provided by the manufacturer. We offer this designation because third-party certifications do not exist globally for all green products and categories. Non-certified products in our offering are 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 that meets or exceeds EPA standards.

In addition to managing our green product program, Fastenal's compliance specialists assist strategic customers with goal creation, sourcing, and custom reporting in support of their green procurement initiatives.

Energy Efficiency Consultation

We don't just *sell* green products. We work with our key suppliers and third-party vendors to help customers select, implement, and use green products for maximum efficiency. Examples include providing expert project management for LED lighting conversions and suggesting the best air filtration products based on the customer's ESG priorities and HVAC equipment.

[Go to Green Resources](#)



► Category Management

Assisting customers with category management is central to our value proposition as both a strategic supplier and an ESG solutions provider. This exercise 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 lower environmental impact

From there, we 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 consumption, packaging, and upstream emissions? Can it also be included in a recycling program to support a circular economy?

A prime area of opportunity is the PPE/safety product category, which is well supported by our green product program, our FMI Technology program, and our third-party recycling programs (including programs to send used glasses, gloves, and other PPE back to the manufacturer for recycling of those materials). 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. Other categories where we offer high-level product and application expertise to help customers operate more efficiently include metalworking and fasteners. Read on to learn more about these programs.

► 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 carbide 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 introducing newer technology to increase productivity or suggesting a process adjustment to improve the performance of existing tooling. The goal: **greater productivity with less resource consumption.**

[Go to Metalworking Program](#)





► Engineering Program

We also support manufacturers with a global team of fastener application engineers who specialize in the science of bolted joint assemblies. In addition to reviewing prints, assisting with technical questions, and conducting trainings, these professionals provide value analysis/value engineering (VAVE) services to drive cost savings and provide design for manufacturability (DFM) feedback.

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

SKU Consolidation Projects

Identifying opportunities to standardize fastener types, coatings, and materials and to reduce the overall SKU count for existing and future designs. The environmental benefit: consolidated shipments from fewer points of origin.

Product Teardowns

An analysis of the production process, disassembly of the end product in our engineering lab, and development of a report with viable cost savings proposals. In many cases, the savings are derived by using fewer fasteners or consolidating fastener SKUs (without compromising quality or safety).

► Total Cost of Ownership (TCO) Analysis

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

Those are dollar savings, not emissions savings, but we believe there are green benefits as well. For example, through our inventory management service, we're able to reduce stocking levels in customer facilities by an average of 29%*. 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 vendors 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 reduce upstream transportation.

We believe our combination of global scale and local presence magnifies the impact of our cost, waste, and emissions savings programs for our customers compared to those of others in our industry. One of our goals over time is to quantify and report this impact more effectively.

*Average opportunities identified through 600-plus Fastenal TCO Analysis projects conducted from 2018 to 2020.

[Go to Lean Solutions](#)

[Go to TCOA Brochure](#)

Case Study: Gorman-Rupp

Reducing Waste, Boosting Employee Morale Through Continuous Improvement



Fastenal invested in this partnership with a dedicated Onsite stocking location, a tenured employee to manage the supply chain for MRO and OEM needs, and 40-plus vending and bin stock devices (providing improved inventory control, access, and traceability). We also implemented a program (in conjunction with GreenTech, one of our third-party recycling partners) to recycle metal scrap created during the manufacturing process.

“They had Lean leaders that were able to come out and process map everything with us,” said John Stevens, Manufacturing Manager at Gorman-Rupp. “They really walked us through it all and showed where we could gain efficiencies and improve our throughput. And they had technical resources like data tracking and Lean processes that they were able to provide us that were essential.”

Read the full article [here](#).

► 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 facility, where it’s located, how it’s being used – leads to various forms of waste, from obsolete inventory and over-consumption to stock outages and inefficient rush deliveries.

Through the development of our FMI (Fastenal Managed Inventory) Technology program over the past decade-plus, 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 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 physical concepts like stocking levels and usage patterns, Fastenal teams are able to remotely monitor customers’ inventory, proactively plan the supply chain, and become much more efficient in how we distribute products.

At year-end 2021, we had nearly 93,000* FMI Technology vending and bin stock devices in place at customer sites around the world – each a solution to drive waste, cost, and risk out of the supply chain.



*In addition, roughly 12,000 leased FMI Technology asset lockers are installed at customer locations.

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 planned product needs.



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 the 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 control wasteful consumption.



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 shopping trips. Our eCommerce platform takes it a step further, proactively informing buyers if they're attempting to purchase items they already have on hand.



Locker Pickup

The devices are primarily used for planned (inventoried) 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.



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.



Asset Management

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



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).

[Go to FMI Technology](#)

► Tool Repair Service

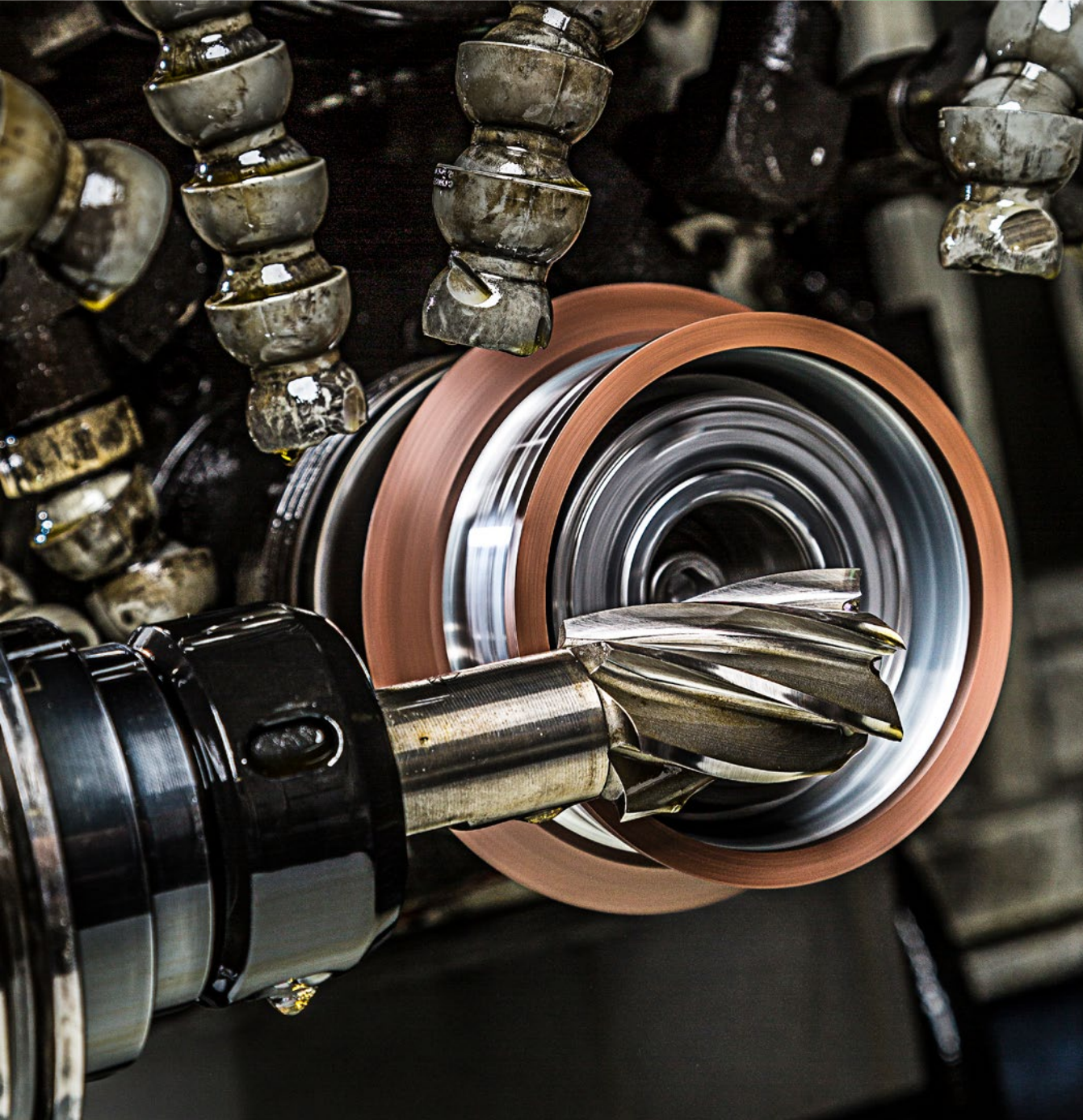
Fastenal's eight North American-based tool repair service centers provide authorized warranty repairs for 35 major tool brands (and are able to work on more than 750 brands of tools in all). This resource, combined with our local service and transportation network, allows customers to meet their tool 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 scrapped tools are broken down to be reclaimed or recycled.

In 2021, we repaired over 51,000 tools for customers through this process, helping to extend product life (and in turn reduce material waste) with minimal incremental transportation.

[Go to Industrial Services](#)





▶ Tool & Cutter Grinding Service

The goal of this service is to help manufacturers maximize the lifetime value and productivity of their cutting tools. The process is similar to our tool repair program, 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 for a fraction of the cost of buying new tools. This service reduces the amount of waste generated and can be provided in conjunction with a recycling program, further driving the customer's sustainability goals. In 2021, we extended the service life of 345,804 cutting tools through this 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](#)

► Recycling Programs

We offer a range of solutions to help organizations slow the pace of consumption, but eventually every product enters the 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



Breakroom Supplies



Carbide Metalworking Products



Cardboard



Electronics



Flashlights



Janitorial / Sanitization Supplies



Lighting



Medical / Dental



Office Supplies



Packaging & Shipping Materials



Safety / PPE



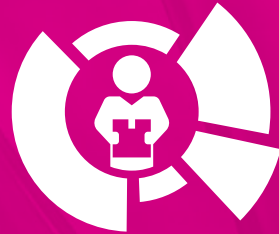
Sharps

[Go to Recycling Programs](#)



Social Solutions

Our social solutions are focused on the areas of supplier diversity and safety. Through these programs, we help customers improve safety in their workplace and create opportunities across the supply chain.



Supplier Diversity

Our inclusive purchasing practices create a well-developed network of suppliers to help our customers grow their diversity spend.



Safety

Providing highly-trained specialists to help customers avoid workplace hazards, reduce risk, improve regulatory compliance, and optimize their PPE programs.

► Supplier Diversity Program

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, 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 2021.



\$1B

company purchases with small and/or diverse suppliers



7,100

small and/or diverse suppliers



33%

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 do business with diverse businesses that serve as authorized channels of distribution for Fastenal's product offering and services.

[Go to Supplier Diversity](#)



► Safety Specialist Program

Fastenal's safety specialists work with our customers' EHS teams to help them: (1) eliminate potential serious injuries and fatalities (P-SIFs) in the workplace, (2) reduce regulatory, financial, and operational risk by improving compliance with governing bodies such as the Occupational Safety and Health Administration (OSHA), and (3) 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 customer sites to identify potential workplace hazards and opportunities for improvement. With a solid understanding of the workplace, our specialists help guide stakeholders to the correct PPE for specific applications and risks.

As part of the risk reduction process, our 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, are designed to ensure employees only have access to the correct PPE for their role, and provide visibility to how safety products are being used in the workplace. 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.



Case Study: Triumph Group / Hot Springs, AR

[Go to Case Study](#)

With this supply chain partnership, an onsite Fastenal team streamlines the flow of consumable products for Triumph's multi-site operations in Hot Springs, Arkansas. This includes managing 1,700 SKUs, making daily deliveries to all the departments, maintaining min/max inventory levels for numerous bin stock locations, and continually optimizing 50+ FMI Technology vending devices throughout eight buildings, bringing accessibility and traceability to PPE, drills, abrasives, and other high-use items.

"It took our consumption way down because of the applied accountability factor and gave us more controls and more audible tools to see what we're using and where we can adjust," said Darren Hill, a director of supply chain for Triumph Fabrications. "When you take all those burdens away – a 40% straight drop in consumption, plus the personnel it took us to manage that product before – it added a tremendous value to our company."



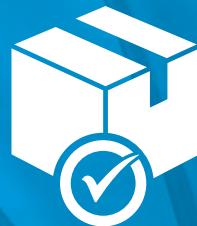
Governance Solutions

Organizations rely on our governance solutions to help them reduce risk in their business and to access the data they need to make informed, ethical business decisions.



Responsible Global Sourcing

Building relationships with suppliers that meet our standards for quality, ethics, and reliability



Product Compliance

Ensuring the products we supply comply with applicable standards and regulations across global supply chains



Safety Regulatory Compliance

Helping to reduce regulatory, legal, and operational risk



eCommerce Tools

Making it easy for purchasers to dial in on products that meet their application and compliance needs

► Global Sourcing

Through our supplier terms and code of conduct, we require our suppliers to comply with all applicable regulations. 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 analysis 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, and reliability.

Conformance to our supplier code of conduct is required to become, and maintain good standing as, a supplier to Fastenal for 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](#).

Nearly 16% of our product spend by value, excluding logistics costs, is purchased through our global sourcing operation known as FASTCO (Fastenal Asia Sourcing & Trading Company). With teams on the ground in major manufacturing centers, FASTCO gives us direct visibility to this supply chain, allowing our teams to physically monitor the working conditions of suppliers and maintain a high level of control over product quality.

This resource includes more than 200 Asia-based auditors, engineers, and quality and logistics specialists. It also includes five overseas A2LA quality labs, which provide comprehensive mechanical and chemical fastener analysis. Product testing is conducted to internationally recognized standards as well as customer specifications.





▶ Product Compliance

As a strategic supplier, Fastenal has a responsibility to stay in sync with an ever-changing global landscape of regulation, supply chain risk, and industry demands. To that end, we maintain multiple teams of product compliance specialists worldwide to ensure the products we supply comply with applicable standards and regulations across global supply chains.

One of their core functions is to provide visibility to the product attributes our customers care about most. This includes using the following icons on our eCommerce platform and other marketing channels to help customers make informed purchasing decisions.



Restricted Product

Identifies where products cannot be sold based on local, state, provincial, or federal regulations (or due to Fastenal business decisions).



REACH and RoHS



Identifies items determined to be compliant with these regulations.



Safety Data Sheets (SDS)

Provides a link to the product's safety data sheets (in multiple languages if available).



Conflict Minerals

Identifies products that contain 3TG (aka "conflict") minerals, which the United States SEC has defined as gold, columbite-tantalite (coltan), cassiterite, wolframite, or their derivatives (tin, tantalum, or tungsten).



CA Proposition 65

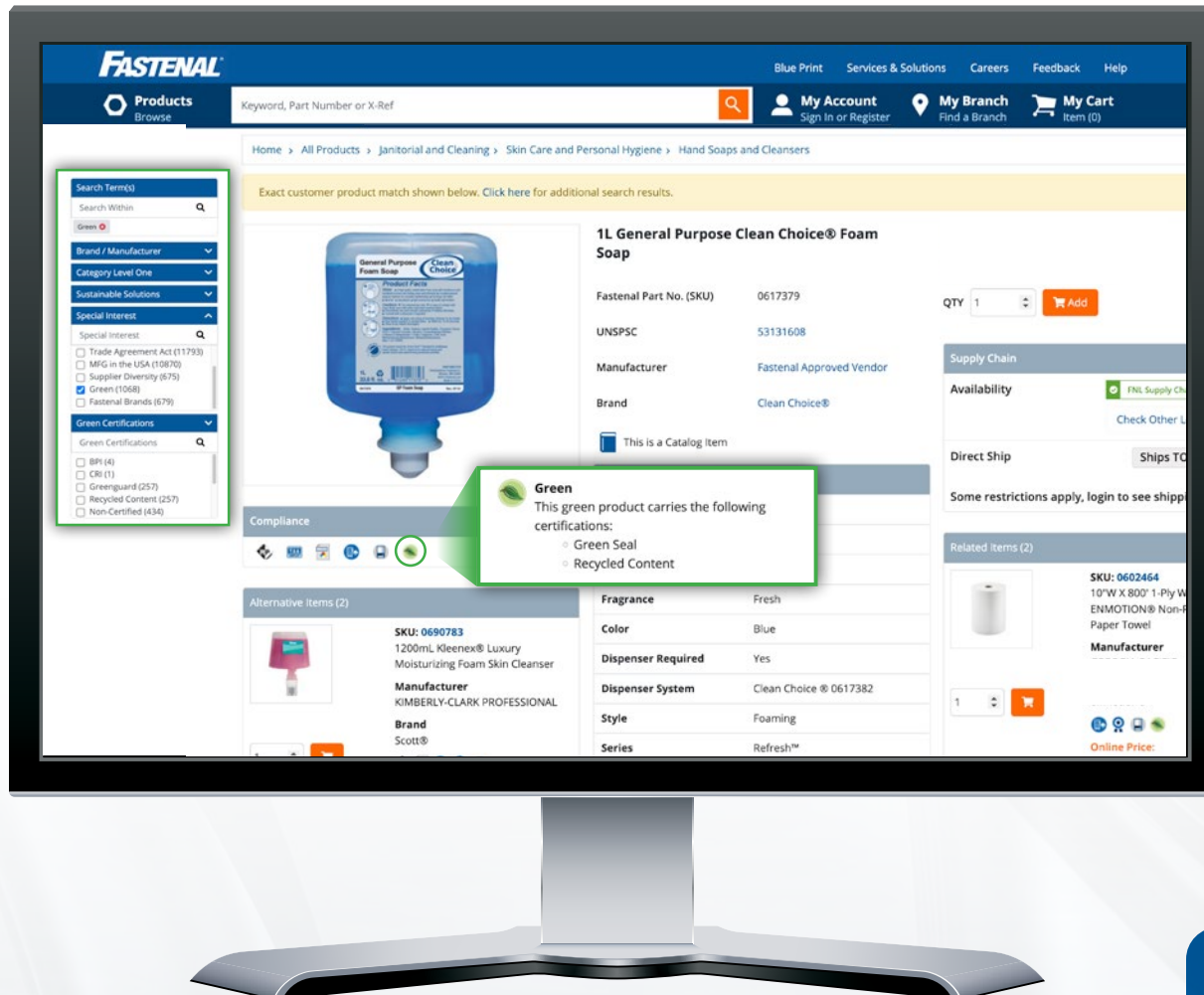
Identifies products that do/may contain chemicals listed under California Proposition 65.

▶ Safety Regulatory Compliance

As described on page 47, our safety specialists also consult with customers' EHS managers to help them reduce risk by improving regulatory compliance with governing bodies.

► 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 various categories 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

► A Final Word on Supply Chain Resiliency

Unlike the preceding topics, supply chain resiliency isn't a discrete program, technology, resource, or service. It's the "ecosystem" that supports all of the above, and to which all of the above contribute. It's also a precondition for partnership: Before a customer can give us the opportunity to consolidate and streamline their industrial supply needs, they need to trust that we'll maintain a reliable supply chain for mission-critical products.

The past few 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 should be no tension between business success and ESG success – neither is possible without supply chain resiliency.

This is why our overriding priority, above everything else, is to ensure continuity of supply for our strategic customers. What does this commitment look like in action? Below are some key structures and safeguards we invest in to help organizations weather challenges and stay true to their ESG vision.

The "Links" in a Reliable, Responsible Supply Chain





Appendix

► Forward Looking Statements

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, our perceived marketplace opportunities, our strategies, goals, mission and vision, and our expectations related to future capital expenditures, future tax rates, future inventory levels, pricing, Onsite and weighted FMI device signings, the impact of inflation on our cost of goods or operating costs, and the impact of price increases and surge sales on overall sales growth or margin performance. 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, the impact of the COVID-19 pandemic, economic downturns, weakness in the manufacturing or commercial construction industries, competitive pressure on selling prices, 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, 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, weak acceptance or adoption of our FMI offering or Onsite business models, increased competition in FMI or Onsite, difficulty in maintaining installation quality as our FMI 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 expansion of our FMI offering or Onsite operations, changes in the implementation objectives of our business strategies, our ability to retain certain government and other types

of customers that bought product from us for the first time during the pandemic, 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, 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 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, cyber-security incidents, potential liability and reputational damage that can arise if our products are defective, difficulties measuring 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.

► 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 inaugural report, Fastenal's 2022 ESG Report, was published in January 2023 and reflects activities and initiatives in our fiscal year (FY) 2021 (January 1st, 2021-December 31st, 2021). 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 2021. Unless noted, goals and other data in the report reflect our global operations.

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, 2021.

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. Data from 2022 will be reviewed for external assurance in the coming months by an external third party and/or 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: Internal Audit Manager
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, 2021 through December 31, 2021 with reference to GRI Standards. The report has been prepared with references to 2016-2021 GRI Standards.

Disclosure Number	GRI Standard	Disclosure Title	Fastenal Response
General Disclosures			
Organizational Profile			
102-1	General Disclosures	Name of organization	Fastenal Company 2021 Form 10-K: Cover
102-2	General Disclosures	Activities, brands, products, and services	2021 Form 10-K: part I. Item 1. Business Fastenal does not intentionally sell items that are banned in certain markets.
102-3	General Disclosures	Location of headquarters	2021 Form 10-K: part I. Item 2. Properties
102-4	General Disclosures	Location of operations	2021 Form 10-K: part I. Item 2. Properties At A Glance
102-5	General Disclosures	Ownership and legal form	2021 Form 10-K: part I. Item 1. Business
102-6	General Disclosures	Markets served	2021 Form 10-K: part I. Item 1. Business 2021 Form 10-K: part I. Item 2. Properties
102-7	General Disclosures	Scale of the organization	2021 Form 10-K: part I. Item 1. Business 2021 Form 10-K: part I. Item 2. Properties 2021 Form 10-K: Organization
102-8	General Disclosures	Information on employees and other workers	People 2021 Form 10-K: part I. Item 1. Business
102-9	General Disclosures	Supply chain	Purchasing Practices 2021 Form 10-K: part I. Item 1. Business Supplier Code of Conduct
102-10	General Disclosures	Significant changes to the organization and its supply chain	There have been no significant changes to the organization or its supply chain.
102-11	General Disclosures	Precautionary principle or approach	Fastenal does not have an official policy as it pertains to the precautionary principle.
102-12	General Disclosures	External initiatives	GRI; CDP Report; SASB Index;
Strategy			
102-14	General Disclosures	Statement from senior decision-maker	Welcome to Our Inaugural ESG Report; Page 2
102-15	General Disclosures	Key impacts, risks, and opportunities	2021 Form 10-K: part I. Item 1A. Risk Factors



Ethics and Integrity

102-16	General Disclosures	Values, principles, standards, and norms of behaviors	People Governance 2021 Form 10-K: part I. Item 1. Business Supplier Code of Conduct
102-17	General Disclosures	Mechanisms for advice and concerns about ethics	2022 Proxy Statement: Other Board and Corporate Governance Matters Page 12

Governance

102-18	General Disclosures	Governance structure	Governance 2021 Form 10-K: part III. Item 10. Directors, Executive Officers, and Corporate Governance Board of Directors Corporate Governance Guidelines Nominating and Corporate Governance Committee Charter Compensation Committee Charter Audit Committee Charter
102-19	General Disclosures	Delegating authority	2022 Proxy Statement: Board Leadership Structure and Committee Membership Page 9 Corporate Governance Guidelines
102-20	General Disclosures	Executive-level responsibility for economic, environmental, and social topics	Chief Financial Officer
102-21	General Disclosures	Consulting stakeholders on economic, environmental, and social topics	2022 Proxy Statement: Other Board and Corporate Governance Matters Page 12
102-22	General Disclosures	Composition of the highest governance body and its committees	Compensation Committee Charter 2022 Proxy Statement: Corporate Governance and Director Compensation Page 9
102-23	General Disclosures	Chair of the highest governance body	2021 Form 10-K: part III. Item 10. Directors, Executive Officers, and Corporate Governance , Board of Directors
102-24	General Disclosures	Nominating and selecting the highest governance body	2022 Proxy Statement: Board Leadership Structure and Committee Membership Page 9 Corporate Governance Guidelines
102-25	General Disclosures	Conflicts of interest	2022 Proxy Statement: Audit Committee and Related Person Transaction Approval Policy Page 12-13 Corporate Governance Guidelines
102-26	General Disclosures	Role of highest governance body in setting purpose, values and strategy	Governance Corporate Governance Guidelines
102-27	General Disclosures	Collective knowledge of highest governance body	2021 Form 10-K: part III. Item 10. Directors, Executive Officers, and Corporate Governance Governance Corporate Governance Guidelines
102-28	General Disclosures	Evaluating the highest governance body performance	Compensation Committee Charter



102-29	General Disclosures	Identifying and managing economic, environmental, and social impacts	2021 Form 10-K: part I. Item 1A. Risk Factors
102-30	General Disclosures	Effectiveness of risk management process	2021 Form 10-K: part I. Item 1A. Risk Factors Welcome to Our Inaugural ESG Report Governance
102-31	General Disclosures	Review of economic, environmental and social topics	2022 Proxy Statement: Environmental, Social, and Governance Matters Page 10
102-32	General Disclosures	Highest governance body role in sustainability reporting	Fastenal Investor Relations; Contact Us Corporate Governance Guidelines About This Report
102-33	General Disclosures	Communicating critical concerns	Fastenal Investor Relations; Contact Us Corporate Governance Guidelines About This Report
Stakeholder Engagement			
102-40	General Disclosures	List of stakeholder groups	About This Report
102-44	General Disclosures	Key topics and concerns raised	Welcome to Our Inaugural ESG Report Table of Contents
Reporting Practices			
102-45	General Disclosures	Entities included in the consolidated financial statement	2021 Form 10-K: part IV: Item 15. Exhibits, Financial Statement Schedules (21) List of Subsidiaries
102-46	General Disclosures	Defining report content and topic boundaries	About This Report
102-47	General Disclosures	List of material topics	Table of Contents
102-48	General Disclosures	Restatements of information	Fastenal has no restatements of information to report for 2021.
102-49	General Disclosures	Changes in reporting	This is our inaugural report.
102-50	General Disclosures	Reporting period	About This Report
102-51	General Disclosures	Date of most recent report	About This Report
102-52	General Disclosures	Reporting cycle	About This Report
102-53	General Disclosures	Contact point for questions regarding the report	About This Report
102-54	General Disclosures	Claims of reporting in accordance with the GRI statements	About This Report
102-55	General Disclosures	GRI content index	GRI Content Index
102-56	General Disclosures	External assurance	About This Report

Economic Performance

201-1	Economic Performance	Direct economic value generated and distributed	2021 Form 10-K: part II. Item 8. Financial Statements and Supplementary Data .
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Energy

302-1	Energy	Energy consumption within the organization	Planet: GHG management, Energy Use and consumption ; CDP report
302-2	Energy	Energy consumption outside of the organization	Planet: GHG management, Energy Use and consumption ; CDP report
302-3	Energy	Energy intensity	Planet: GHG management, Energy Use and consumption ; CDP report
302-4	Energy	Reduction of energy consumption	Planet: GHG management, Energy Use and consumption ; CDP report

Emissions

305-1	Emissions	Direct (Scope 1) GHG emissions	2022 CDP Report
305-2	Emissions	Energy indirect (Scope 2) GHG emissions	2022 CDP Report
305-4	Emissions	GHG emissions intensity	2022 CDP Report
305-5	Emissions	Reduction of GHG emissions	2022 CDP Report

Waste

306-1	Waste	Waste generation and significant waste-related impacts	2021 EHS Report
306-2	Waste	Management of significant waste-related impacts	2021 EHS Report
306-3	Waste	Waste generated	2021 EHS Report
306-4	Waste	Waste diverted from disposal	2021 EHS Report
306-5	Waste	Waste directed to disposal	2021 EHS Report

Supplier Environment Assessment

308-1	Supplier Environmental Assessment	New suppliers that were screened using environmental criteria	Supplier Code of Conduct
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Occupational Health and Safety

403-1	Occupational Health and Safety	Occupational health and safety management system	ISO 45001:2018 Certificate People (Social): Health & Safety
403-2	Occupational Health and Safety	Hazard identification, risk assessment, and incident investigation	People (Social): Health & Safety
403-3	Occupational Health and Safety	Occupational health services	People (Social): Health & Safety
403-4	Occupational Health and Safety	Worker participation, consultation, and communication on occupational health and safety	People (Social): Health & Safety
403-5	Occupational Health and Safety	Worker training on occupational health and safety	People (Social): Health & Safety
403-6	Occupational Health and Safety	Promotion of worker health	People (Social): Health & Safety
403-7	Occupational Health and Safety	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People (Social): Health & Safety
403-8	Occupational Health and Safety	Workers covered by an occupational health and safety management system	People (Social): Health & Safety
403-9	Occupational Health and Safety	Work-related injuries	People (Social): Health & Safety
403-10	Occupational Health and Safety	Work-related ill health	People (Social): Health & Safety

Training and Education

404-1	Training and Education	Average hours of training per year per employee	People: Fastenal School of Business
404-2	Training and Education	Programs for upgrading employee skills and transition assistance programs	People: Fastenal School of Business
404-3	Training and Education	Percentage of employees receiving regular performance and career development reviews	People: Fastenal School of Business

Diversity and Equal Opportunity

405-1	Diversity and Equal Opportunity	Diversity of governance bodies and employees	EEO-1 data; People
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Child Labor

408-1	Child Labor	Operations and suppliers at significant risk for incidents of child labor	Supplier Code of Conduct
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Forced or Compulsory Labor

409-1	Forced or Compulsory Labor	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supplier Code of Conduct
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Local Communities

413-1	Local Communities	Operations with local community engagement, impact assessments, and development programs	Community Engagement
413-2	Local Communities	Operations with significant actual and potential negative impacts on local communities	Community Engagement

► SASB Index

The Sustainability Accounting Standards Board (SASB) 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 2021 Disclosure
SASB Multiline and Specialty Retailers & Distributors Standard				
Energy Management in Retail & Distribution	Total Energy Consumed	Quantitative	CG-MR-130a.1	2,442,898 GJ 2022 CDP report C8.2a
	Percentage Grid Electricity	Quantitative	CG-MR-130a.1	19.7% 2022 CDP C8.2b and C8.2c
	Percentage Renewable	Quantitative	CG-MR-130a.1	Unknown/No Data
Data Security	Description of approach to identifying and addressing data security risks	Discussion and Analysis	CG-MR-230a.1	ESG Report pg 12
	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	\$26,175,010
	Discussion of strategies to reduce the environmental impact of packaging	Discussion and Analysis	CG-MR-410a.3	Planet
Activity Metrics	Number of retail locations and distribution centers	Quantitative	CG-MR-000.A	3209 retail locations and 19 distribution centers
	Total area of retail locations and distribution centers	Quantitative	CG-MR-000.B	Approximately 4.9 million square feet of distribution capacity.

► TCFD Index


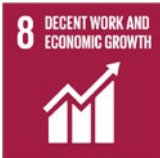
The Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders. A summary of our response to the TCFD-recommended disclosures is below, with references to where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


Disclosure	Answer	Reference
Governance	<p>The Chair of the Board has responsibility for climate-related issues. All directives for the agenda of board meetings are led by the chair of the board. The topic of ESG, including climate-related issues, occurs on the meeting agenda quarterly. The Nominating and Corporate Governance Committee Chair serves as a liaison to the ESG department and proposes climate-related topics to be included on the board meeting agenda a minimum of twice per year.</p> <p>Management involved in climate-related risks and opportunities includes the Chief Financial Officer, Internal Audit Manager, Corporate EHS and Sustainability Director, Director of Supply Chain Compliance, and Vice President of Contract Development and Support. Further details are available in our 2022 CDP Report.</p>	<p>2022 CDP Section C1 2022 ESG Report pg 8 2022 Proxy pg 5-12</p>
Strategy	<p>Risks and opportunities are detailed in the 2022 CDP Report, 2022 ESG Report, and 2022 Proxy statement. Examples of risks include inclement weather disrupting supply chains and transportation networks as well as increased operating costs due to emerging regulations. Opportunities include resource efficiency through fleet electrification as well as greater use of renewable energy. 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.</p>	<p>2022 CDP Section C2 2022 ESG Report pg 25 2021 10-K pg 16-23</p>
Risk Management	<p>Fastenal's Enterprise Risk Management (ERM) team leverages the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management – aligning risk with strategy and performance framework as the foundation of our ERM program. We have established our risk appetite, quantitative and qualitative metrics to rank risks and their likelihood and impact inherently and residually. This process allows us to gain broad perspective from stakeholders across the organization while also communicating risks and potential outcomes across the organization and to our board of directors. ESG factors were identified as a top risk to the organization, which led to the formation of an ESG team.</p>	<p>2022 CDP Section C1, C2 2022 Proxy pg 10-12</p>
Metrics & Targets	<p>Climate-related metrics and targets are included in our 2022 ESG Report as well as our 2022 CDP Report. Fastenal is currently in the process of implementing a sustainability initiative and creating reduction goals and targets. Over the next 5 years, Fastenal will strive to reduce emissions wherever viable through efforts such as energy efficiency, renewables, and reduced consumption. We intend to reduce our scope 2 emissions intensity by 5% by 2025 relative to a base year of 2021. We also intend to set science-based targets for all emissions within the next 3 years, and to establish a plan to be net-zero by 2050.</p> <p>GHG Intensity: 0.000030469 MT of CO₂-eq per \$ of revenue Scope 1 Emissions: 132,029 MTCO₂-eq Scope 2 Emissions: 51,117 MT CO₂-eq</p>	<p>2022 CDP Section C4, C6 2022 ESG Report pg 26-30</p>

► 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 five SDGs listed below.

UN SDG	SDG Target	Fastenal Indicators
 <p>Affordable and Clean Energy Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>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</p>	<p>Planet Energy Star Program SmartWay Partnership</p>
 <p>Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>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</p>	<p>Supplier Code of Conduct People Planet</p>

UN SDG	SDG Target	Fastenal Indicators
 <p>Industry, Innovation, and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>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</p> <p>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</p> <p>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</p> <p>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</p>	<p>Sustainability Solutions Planet Energy Use and Consumption, Evolving our Branch Infrastructure</p>
 <p>Responsible Consumption and Production Ensure sustainable consumption and production patterns</p>	<p>Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<p>Planet Sustainability Solutions</p>
 <p>Climate Action Take urgent action to combat climate change and its impacts</p>	<p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<p>People: Workplace Health & Safety Blue Team Responds</p>



2022 ESG Report



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