

## Fastenal Company and Subsidiaries Sustainable Labor Practices 2023 Report

Sustainable labor practices and forced labor risk mitigation are topics that Fastenal Company and its wholly owned subsidiaries take extremely seriously, and our organization maintains a strong stance against the use of forced labor (inclusive of child labor) within any tier of our supply chain. We believe that it is the responsibility of all employees in the organization to be familiar with, and to help support our forced labor prevention policies and company goals.

Fastenal's sustainable labor practices and forced labor prevention program consists of the following components: 1) forced labor prevention expectations, 2) Supply Chain Security Policy, 3) supplier risk assessments, 4) supply chain mapping activities, 5) supplier engagement, 6) findings of forced labor and our response, 7) effective assessments and continuous improvement.

### Organizational Structure

Fastenal Company (herein 'Fastenal') is a corporation headquartered at 2001 Theurer Blvd, Winona MN 55987, USA, and primarily operates in the distribution and wholesale trade industry, with some manufacturing activity (approximately 5% of company revenues) conducted at various factory locations.

Fastenal Company is the parent company of multiple wholly owned subsidiary entities located across the globe. This joint report is being submitted on behalf of Fastenal and related subsidiaries and satisfies reporting requirements for Fastenal's Canada business operations that are conducted by Fastenal's subsidiary, Fastenal Canada, Ltd. Fastenal is not subject to any other jurisdictional requirements for annual forced labor reporting. The Fastenal Trade Compliance Department is responsible for ensuring compliance to Fastenal's forced labor risk program.

<u>Legal Entity</u>	<u>Country</u>	<u>Tax ID Number (EIN, EORI, GST)</u>
Fastenal Company	USA	41-0948415
Fastenal Company Purchasing	USA	41-1878265
Fastenal Canada, Ltd.	Canada	830565495-RT0001
Fastenal Mexico S.de.R.L.de C.V.	Mexico	FME991110CZ9
Fastenal Singapore PTE LTD	Singapore	200102787N
Fastenal Europe BV	Netherlands	NL812544717
Fastenal Malaysia SDN BHD	Malaysia	1581154304
Fastenal Europe Kft.	Hungary	HU0005386497
Fastenal Panama, S.A.	Panama	1644764-1-674450
Fastenal Europe LTD	United Kingdom	GB984554376000
Fastenal Europe GmbH	Germany	DE1671499
Fastenal Europe S.R.O.	Czech Republic	CZ24848115
Fastenal Europe S.r.l.	Italy	IT06171520486

Fastenal (Shenzhen) International Trading Co. Ltd.	China	91440300582732198K
Fastenal (Shanghai) International Trading Co. Ltd.	China	913100005886722000
Fastenal (Tianjin) International Trading Co. Ltd.	China	911202225897529000
Fastenal Europe RO S.r.l.	Romania	RO29894375
Fastenal (Thailand) Ltd.	Thailand	0-1055-55055-57-8
Fastenal Europe AB	Sweden	SE5569174393
Fastenal Europe Sp. Z o.o.	Poland	PL525253866400000
Fastenal Chile SPA	Chile	76.301.595-5
Fastenal AT GmbH	Austria	ATEOS1000079254
Fastenal Europe Sarl	Switzerland	CHE-186.596.484
Fastenal Europe IE Ltd	Ireland	IE3469186OH
Fastenal Europe FR Sarl	France	FR83459116600014
Fastenal Europe, S.L.	Spain	ESB67248708
Fastenal Europe BE BV	Belgium	BE0737512774

Each of these entities may import, export, distribute and sell a variety of industrial goods. Fastenal's reporting year runs from January 1 through December 31. Please see Fastenal's [10-Q/10-K form](#) for more financial details. This report is the un-revised version covering calendar year 2023.

### Forced Labor Prevention

Fastenal actively works with our suppliers to educate, monitor, and address any potential compliance concerns. Fastenal also executes a proactive risk-avoidance strategy, including upstream supply chain mapping exercises, supplier documentation, on-site factory audits, and material origin reviews.

Forced labor prevention expectations are written into our 'Global Supplier Purchase Order Terms & Conditions' and '[Supplier Code of Conduct](#)', which requires our suppliers to comply with all applicable regulations and company policy expectations. Fastenal routinely conducts 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. Fastenal additionally helps provide related updates, training tools, and risk indicators to our supply chain partners and engages continuously through supplier outreach, conference sessions and visits to ensure that our suppliers are adequately informed and embrace topics like forced labor.

Conformance with our Supplier Code of Conduct is required to become and maintain good standing as a supplier to Fastenal for any supplied material or service (this expectation is reinforced in each Fastenal purchase order, which references our Supplier Code of Conduct and [Purchase Order Terms & Conditions](#)). We evaluate suppliers' compliance with these standards in determining whether to grant or continue their approved and preferred status with our branch locations and purchasing managers. Fastenal disqualifies suppliers who do not comply with the Supplier Code of Conduct from preferred

status and/or have their business relationship with Fastenal terminated. To learn more about our Global Supplier Purchase Order Terms & Conditions and Supplier Code of Conduct, visit Fastenal's website at [www.fastenal.com](http://www.fastenal.com) or [www.fastenal.ca](http://www.fastenal.ca) and click on the Legal Information page.

## **Supply Chain Security Policy**

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

## **Risk Assessments**

Fastenal's internal reporting systems cover a gamut of risk scenarios, ranging from natural disasters to forced labor exposure across our entire supply chain, and the reports generated from our systems help to identify specific risk profiles as it relates to regions, entities, and product categories within Fastenal's portfolio. These risk assessments determine the level of control and oversight needed to ensure adequate risk mitigation, and serve as living documents, with the potential to be revisited should a business process change, or a new risk is identified. Fastenal periodically leverages existing third-party risk reporting in the creation of these business specific assessments, including active sanctions and withhold release orders, International Labour Organization's list of products produced by forced or child labor, transparency international corruption index, global economy index, US State Department terrorism threat reporting and others. Similarly, we utilize internal reporting, audits, and supplier feedback to assess risks. These databases help drive a more holistic overview of risks across the organization and visibility to upstream supply chain partner qualifications.

Specific to forced labor, Fastenal takes into consideration various risk criteria that include product category, location of production, origin of raw material inputs, type of raw materials, and the use of migrant or contract labor at any level of the supply chain. The outcome of these risk assessments drives the prioritization of our sourcing efforts, supplier audits, and business practices, including the creation of additional business controls as warranted.

## **Supply Chain Mapping Activities**

Fastenal conducts various supply chain mapping exercises such as: (i) tracking product orders from purchase order placement to final delivery to an end-user, (ii) up-stream reviews that trace back the origin of an order to a supplier, and (iii) production process of a product through multiple supplier tiers. These latter exercises are especially helpful when a supply chain may route through various geographic

regions or across industries, such as may be the case for textiles or steel derivative goods that may have exposure to forced labor risk.

## **Supplier Engagement**

Beyond supplier contracts, Purchase Order Terms and Conditions, and Purchase Order requirements, Fastenal remains engaged with suppliers directly on topics such as forced labor. Fastenal launched an outreach campaign for our suppliers. This outreach campaign achieves the following: 1) shares current tools and resources that our suppliers can use in bolstering their own respective controls and programs, 2) sufficiently confirms to Fastenal that these programs exist and are continually reviewed; and 3) expresses Fastenal's commitment to collaboratively engage on the topic of forced labor and supply chain transparency.

Fastenal regularly performs desk and onsite audits on its corporate suppliers and enhanced its program in 2023 to capture additional insight as it relates to social compliance and forced labor practices. This will allow Fastenal to collect additional information regarding our supply chain and establishes a more comprehensive picture of social compliance controls. A separate and more focused social compliance dedicated audit has been piloted, as well, to attempt to provide a new tool that focuses on high-risk regions where our suppliers may be located, and product categories with elevated risks as determined by the risk assessments.

## **Employee Trainings**

Beyond the supplier outreach and education, Fastenal has a strong internal awareness and educational program with our employees, which is designed to ensure that subject matter experts within the organization stay informed on industry best practices and changing risk elements. This is achieved through employee participation in webinars, in-person trainings and conferences hosted by governmental and non-governmental organizations, and engagement with third party advisors.

This diverse team of subject matter experts, in collaboration with our internal Fastenal School of Business curriculum designers, then leverage this information when building or updating internal training programs. Several compliance trainings are already part of the curriculum, and in early 2024, a new course focused solely on forced labor was launched that is mandatory for relevant Fastenal employees to complete on an annual basis. This course helps educate our teams on what forced labor and child labor look like, brings familiarity to some of the programs and illuminates the controls that are discussed in this report, and engages the employee on how they can support and contribute to the success of these programs, regardless of their position or responsibilities within the organization.

## **Findings of Forced Labor**

Fastenal has not identified direct or indirect evidence of the use of forced labor in our supply chain in 2023; therefore, no action to remediate forced labor has been taken by Fastenal. Fastenal's trade compliance, legal, auditing and supply chain team will review any evidence (confirmed or alleged) of

forced labor that is identified through the course of our risk assessments and audits to determine appropriate next steps or remediation actions considering the specific facts of the case.

## Effectiveness assessment

Fastenal continually reviews and updates our forced labor policy language, operating procedures, training resources and guidance to ensure they remain adequate to support the goal of preventing forced labor within our supply chain. These resources and guidelines are appropriately updated to a changing risk environment. Fastenal tracks the completion of mandated training by all employees and monitors engagement and feedback from our supply chain partners and their own programs' efforts to address supply chain risk. All contracts and terms and conditions with our suppliers are reviewed to ensure adequate forced labor language exists and are part of the supplier scorecard and Key Performance Indicator conversations with our suppliers. These efforts are undertaken to continuously improve upon our forced labor prevention initiatives.

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above, and I have the authority to bind Fastenal Company.

Signature: Daniel L Florness

Name: Daniel L Florness

Title: President & CEO

Date: 5/22/2024