

A photograph of a Fastenal warehouse interior, showing metal shelving units filled with boxes and bags of hardware. The image is overlaid with a solid blue color. The Fastenal logo is prominently displayed at the top in white.

FASTENAL[®]

WHERE **INDUSTRY** MEETS **INNOVATION[™]**

Environmental, Health, Safety & Sustainability

Annual Report 2023



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> Fastenal Company Environmental, Health, Safety & Sustainability Policy



Fastenal Company is committed to environmental protection and to providing a safe and healthy workplace for all employees. We strive to integrate EHS & Sustainability considerations into all our business decisions, plans, and operations.

As part of our commitment to the protection of the environment, we shall strive to prevent pollution and reduce our carbon footprint, to reduce waste and minimize the consumption of resources, to use resources responsibly and to seek opportunities for increased energy efficiency. As part of our commitment to ensuring a safe and healthy workplace, we strive to prevent work-related injuries and ill health by controlling risks using a hierarchy of controls.

In order to enhance our EHS & Sustainability performance, Fastenal Company shall identify EHS & Sustainable objectives to be attained in order to continually improve our EHS Management System. Fastenal Company is committed to the fulfillment of all EHS compliance obligations, including all legal and other requirements.

We believe that participation and involvement from employees and other interested parties in EHS Management System decision-making processes will help us to achieve our intended outcomes. An important objective of EHS Management System is the satisfaction of our stakeholders, which include:

- Our employees,
- Our customers,
- Our environment,
- Our suppliers,
- The shareholder,
- The communities in which we operate

This policy shall be communicated to all employees and will be made available to our customers and other interested parties upon request.

Daniel L. Florness
President and Chief Executive Officer

January 1, 2023

Date

> EHS and Sustainability History

2013

Health & Safety

Customers: <\$200 Million
Actives: 68,609
EMR: 1.63
TRIR: 2.91
OSHA & EPA Violations: 24
Safety Team Members: 11

Topics:

- Health & Safety

2015

Compliance & Security

Customers: <\$300 Million
Actives: 118,249
EMR: 1.24
TRIR: 2.35
OSHA & EPA Violations: 16
Safety Team Members: 13

Topics:

- Health & Safety
- Environmental Compliance
- Security & Theft
- Business Continuity

2018

ISO 14001 & 45001

Customers: <\$318 Million
Actives: 142,292
EMR: .48
TRIR: 2.58
OSHA & EPA Violations: 2
Safety Team Members: 17

Topics:

- Health & Safety
- Environmental Compliance
- Security & Theft
- Business Continuity

2019

Environmental Sustainability

Customers: <\$493 Million
Actives: 139,185
EMR: .48
TRIR: 2.00
OSHA & EPA Violations: 1
Safety Team Members: 21

Topics:

- Health & Safety
- Environmental Compliance
- Security & Theft
- Business Continuity
- ISO 14001 & 45001
- Environmental Sustainability



- > Minnesota Safety Award
- > Intertek Workplace Award

“ ——— Force Multiplier ——— ”
The effect produced by a capability that significantly increases potential
and enhances the probability of successful accomplishment. ”



- › 2020 Best ESG Companies
- › CDC Covid-19 Global Pandemic
- › TC283 ISO Technical Advisory Committee

2020

Global Pandemic

Customers: \$678 Million
 Actives: 128,435
 EMR: .48
 TRIR: 1.68
 OSHA & EPA Violations: 3
 Recycled Pounds: 6.1 Million
 EHS Team Members: 19

Topics:

- Health & Safety
- Environmental Compliance
- Security & Theft
- Business Continuity
- ISO 14001 & 45001
- Environmental Sustainability
- COVID-19



- › 2021 America's Safest Company
- › RAIS+ Participant Ranking
- › MSCI Upgrade to 'AA' Leader
- › Construct Secure Award

2021

Auto & Fleet Focus

Customers: \$1.2 Billion
 Actives: 153,187
 EMR: .43
 TRIR: 1.94
 OSHA & EPA Violations: 3
 Recycled Pounds: 8.1 Million
 EHS Team Members: 32

Topics:

- Health & Safety
- Environmental Compliance
- Security & Theft
- Business Continuity
- ISO 14001 & 45001
- Environmental Sustainability
- COVID-19
- Auto Liability - Fleet



- › ISO 14001 & 45001 Management Certification
- › Energy Star Certified Facilities
- › EcoVadis Bronze Award 2022

2022

EHS & Sustainability & ISO Phase 2 & ESG

Customers: \$1.6 Billion
 Actives: 199,400
 EMR: .52
 TRIR: 1.75
 OSHA & EPA Violations: 2
 Recycled Pounds: 12 Million
 EHS & Sustainability Team Members: 43

Topics:

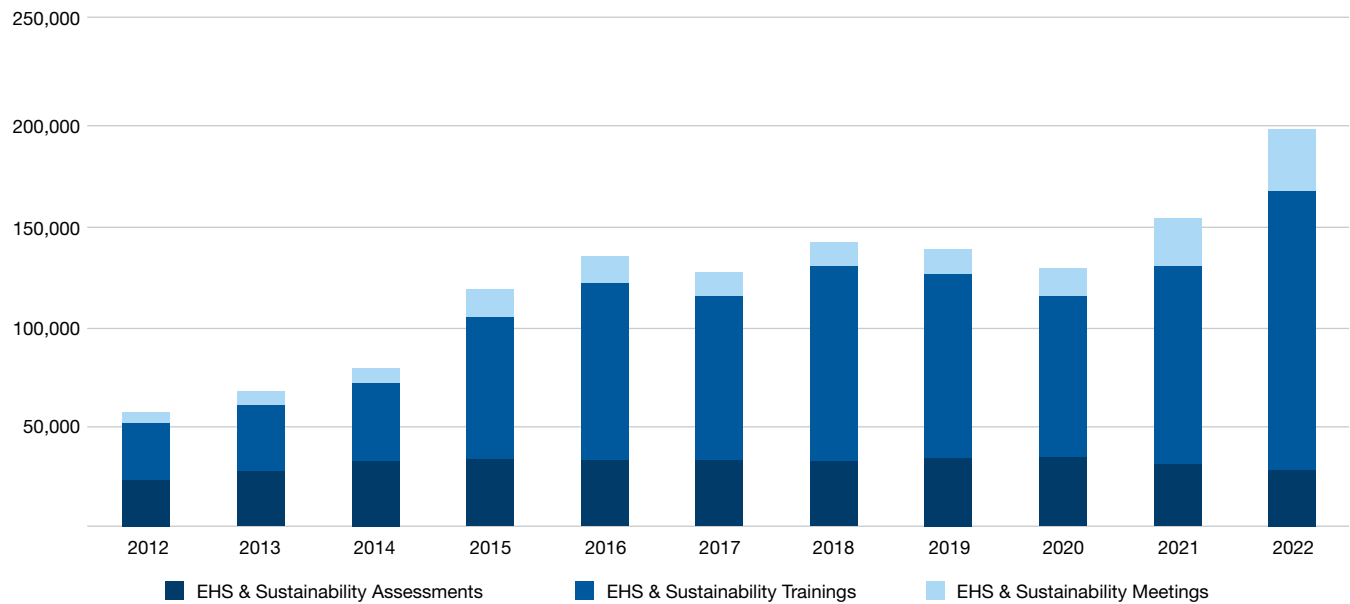
- Health & Safety
- Environmental Compliance
- Security & Theft
- Business Continuity
- ISO 14001 & 45001
- Environmental Sustainability
- COVID-19
- Auto Liability - Fleet
- Environmental, Social, Governance

› EHS & Sustainability Department

Fastenal employees continue to set our organization apart from other industries. Our commitment to employee health & safety is driven by our desire to be a World Class organization regarding Environmental, Health, Safety and Sustainability. We continually encourage employee participation through new employee trainings, audits, inspections, risk assessment, coaching, safety committee, first responder programs and more. In addition to engaging 20,000+ employees across the business we continually strive to improve conditions and systems that minimize risks such as facility conditions and operational processes. In this report we will share many of our KPIs and key programs that we follow to help drive our EHS and Sustainability programs and performance.

> Near Miss and Hazard Identification Reporting

In 2022 Fastenal relaunched our near miss and hazard identification program in a new way. We partnered with a vendor to create a program that allows for electronic reporting, to help increase accessibility of reporting and as a result increase participation in reporting. Our desire to increase reports of incidents that could have resulted in injury or of hazardous working conditions stems from our commitment to providing a safe and healthy workplace for all our employees. These reports allow us to address potentially hazardous conditions or unsafe behaviors before they lead to injury. From the time the program was launched in September of 2022 through December of 2022 we saw an average monthly increase in reporting of 217% and the program continues to gain momentum in 2023. Our goal is to continually increase participation and actives by 10% annually.



Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EHS & Sustainability Assessments	23,691	27,872	32,791	33,998	33,798	33,552	33,747	33,449	35,189	31,745	29,236
EHS & Sustainability Trainings	28,330	33,329	39,211	71,405	87,446	81,433	96,350	91,872	79,862	98,448	138,658
EHS & Sustainability Coaching and Meetings	5,288	6,221	7,319	12,782	13,569	12,345	12,195	12,864	13,384	23,664	31,506



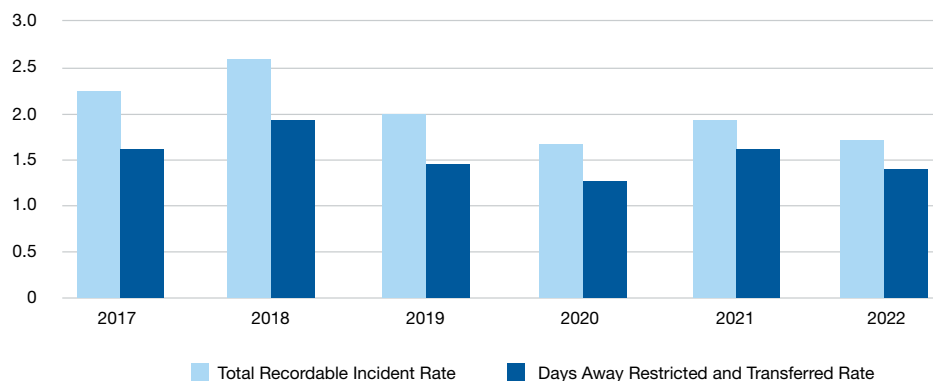
> Branch and Onsite

Our 3,306 in-market locations (including 1,623 Onsite locations) network continues to be a key aspect of our safety programs. Employee onboarding, 90-day new hire program, leadership development, and condition assessments all play a role in ensuring that we achieve safe standards and practices. Our onsite employee safety program ensures we strive to meet customer expectations and vetting requirements whether it's through developing individual site risk assessments and site safety plans to minimize our employee safety risks with third-party verifiers. Over 99% of our branch locations received zero OSHA citations in 2022 reflecting our commitment to safety.

> Operations and Manufacturing

Our Distribution Centers and Manufacturing locations achieved third-party certification to ISO 45001 Occupational Health & Safety Management System standards. This management system is key to achieving safe operations and is combined with our internal scorecard system to continually improve health & safety for our business. We continually work to coach and develop our team members through Behavior Based Safety and Recognition Programs. 100% of our locations sustain monthly safety committee meetings and EHS and Sustainability Management meetings that include full-time and part-time employee representation. These programs help us to achieve key objectives and goals.

In addition, Fastenal is a member of ISO/TC283 which is responsible for the on-going development of the new ISO standard ISO 45001 Occupational health and safety management systems - Requirements with guidance for use, and the development of supporting guidance and standards. ISO 45001 defines good practices in OH&S management and specifies requirements for a management system. The standard applies to all forms and sizes of organization, performing any types of activities.



	2017	2018	2019	2020	2021	2022
Total Recordable Incident Rate	2.21	2.58	2.00	1.68	1.94	1.75
Days Away Restricted and Transferred Rate	1.59	1.93	1.45	1.29	1.59	1.42

> Fleet and Transportation

One of the significant challenges that Fastenal faces when it comes to employee safety is keeping our employees safe on the roads. We have thousands of employees behind the wheel of a vehicle on any given day between our local branch employees visiting customer sites and our commercial truck drivers delivering freight to our branch locations. The National Highway Traffic Safety Administration estimates that 1.76% of licensed drivers were involved in a traffic incident in 2020. With over 14,000 licensed drivers, this exposes us to hundreds of potential incidents per year, many of which we are not at fault for. We have implemented many measures to help reduce that level of risk. In 2022 our licensed drivers completed over 8,500+ sessions of our Defensive Driving training, operated speed detection software and forward-facing cameras in our big trucks and implemented a new vehicle inspection program. These measures and more have resulted in a significant decrease in auto related accidents in 2022 compared to 2021, a 15% reduction. We are continuing to build on these efforts in 2023 to reduce risk even further.

	2019	2020	2021	2022
Annual % Change in Auto Related Incidents*	-4%	-34%	16%	-15%

*This includes insurance filed auto claims, motor vehicle work comp claims, and driver related work comp claims



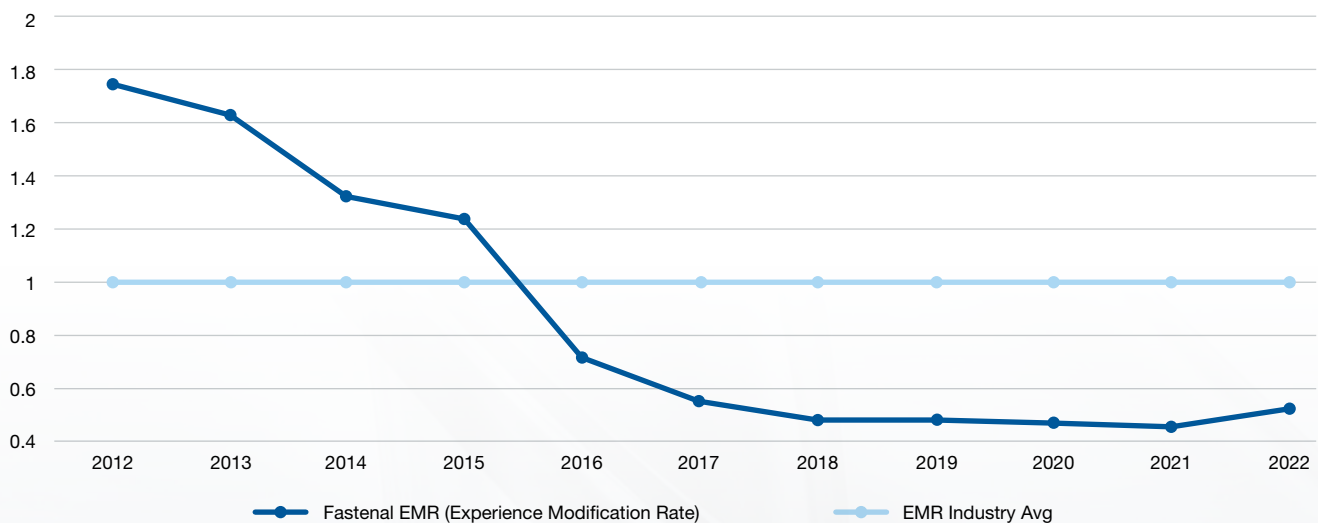


➤ Health and Safety Impact

These key business units play a dynamic role in defining how we engage with our employees on health and safety. Trainings, audits, inspections, risk assessments, safety coaching, and employee engagement are all programs that help us consistently manage our facility and employee safety. In 2022, there were nearly 200,000 completed health and safety engagements, which is an increase of 30% compared to 2021. Our internal scorecard system and safety management system ensures we 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.

This commitment to, and continuous improvement toward, a safer work environment for our employees has generated excellent results. A widely accepted measure of organizational health and safety is the Experience Modification Rate (EMR). An organization's EMR is established through the comparison of a company's past and expected losses incurred through workplace injury against industry averages, which are compiled by the National Council on Compensation Insurance and consider unique variables such as the size and characteristics of an organization. Industry averages are benchmarked at a 1.00 EMR, with a reduction in the rate being reflective of an organization's ability to implement superior safety procedures and protocols, resulting in a safer environment and reducing both personnel and financial risk. In 2022, the most recent year for which this figure has been calculated, Fastenal had an

EMR of 0.52, which is 48% better than the average performance rate for our industry. Our goal is to continually improve our Total Recordable Incident Rate by 5% annually.

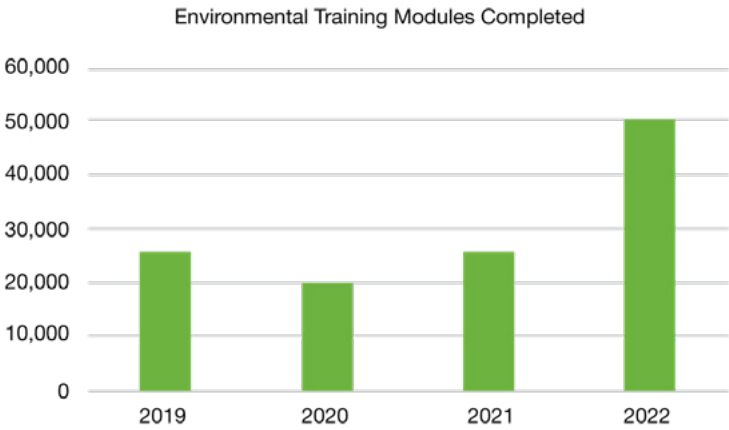


Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fastenal EMR (Experience Modification Rate)	1.75	1.63	1.32	1.24	0.72	0.55	0.48	0.48	0.47	0.45	0.52
EMR Industry Avg	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Delta (Fastenal vs. Industry)	75%	63%	32%	24%	-28%	-45%	-52%	-52%	-53%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

> Environmental Sustainability

Fastenal has always been committed to being environmental stewards. Last year we continued that journey through key programs and strategic investments for critical areas that help us better understand areas of opportunity. These investments combined with our employee support help us sustain a minimal environmental impact for our organization. Environmental sustainability trainings, waste management trainings, environmental assessments, and incentive programs encourage our employees to continually find areas to make positive environmental impacts. Branches completed over 2,400+ environmental sustainability assessments, energy star audits, projects, and improvements in 2022.

In 2022, our employees participated in 50,954 environmental trainings, a 99.7% increase in employee engagement over 2021. Part of our engagement process comes from training both current and new employees on key areas for improvement, like reducing waste and recycling, minimizing energy consumption, and reducing consumption of resources.



> Energy and Fuel Consumption

Last year Fastenal achieved its first energy star certified facilities. This step allows us the ability to understand key opportunities to reduce our consumption of fuel and energy. ENERGY STAR certified buildings save energy, save money, and help protect the environment by generating fewer greenhouse gas emissions than typical buildings. Two of our Distribution Centers were certified as Energy Star buildings by the Environmental Protection Agency's (EPA) Energy Star program:



Salt Lake City, Utah received an Energy Star score of 88 and uses 60% less energy per square foot than the national median, while Lacey, Washington received an Energy Star score of 85 and uses 47% less energy per square foot than the national median. Fastenal has other DCs and Branches that met the requirements and will begin the certification process in 2023.

In addition, our facilities completed environmental projects ranging from materials management, waste reduction to newly created energy efficiencies. Our facility in Jessup, PA worked on a lighting retrofit replacing over 1,300 fixtures. This helps us reduce our kWh consumption by 567,507 kWh and reduces our carbon emissions by 402,182 kgCO₂e. We continue to reduce our consumption of fuel and energy helping us work towards a Net Zero future. We expect to increase our efforts around identifying opportunities, implementing additional projects and processes, and engaging employees to further our environmental journey.

Environmental Projects 2022	
Status	Implemented
Project Count	407
Estimated CO ₂ e Reduction (MTCO ₂ e)	4989.23
Estimated Annual Savings	\$2,486,539
Investments Required	\$1,063,244

Fastenal's EHS & Sustainability team conducted over 628 Sustainability and Energy Star focused branch audits through our partnership with Energy Star Portfolio Manager. They were instrumental in driving changes in behaviors, community engagement projects, and focusing on building site-specific programs to reuse and reduce waste. Our goal is to reduce energy consumption in key facilities by 5% annually.

➤ Material Consumption and Sustainable Procurement

Fastenal has always been inherently frugal. This culture allows us to continually make good decisions when it comes to using materials in our business. In 2022, we developed our sustainable procurement manual to establish guiding principles that help decision makers understand considerations around sustainable procurement. This reinforces several good practices to help improve our environmental impact. We strive to improve our use of sustainable materials and minimize consumption throughout our operations by identifying areas of excess on a frequent basis through 6S programs and assessments. 6S is a lean process improvement program that stands for Sort, Straighten, Shine, Standardize, Sustain, Safety. These aspects help to lean out consumption of materials and better manage waste streams in our facilities. We look to improve the ability for our employees to identify and use materials that support the environment through improved programs and participation.

Our environmental procurement policy includes thousands of daily purchasers in our branch network who participate in environmental training to educate our team to improve purchasing of environmentally friendly materials. In addition, our supplier operating procedures includes a number of EHS aspects to drive sustainable procurement and supply chain practices.

➤ Waste and Recycling



Not only do we strive to reduce our consumption of materials, but we work to proactively approach a circular economy philosophy. This helps to minimize our environmental impacts while building stronger customer and vendor relationships. In 2022, our Atlanta Distribution Center piloted a program with Trex Company to help them recycle an estimated 70,000 pounds of polyethylene (plastic pallet wrap). In turn, Trex uses this material in the manufacturing of their composite decking materials. This relationship helps us overcome some of the recycling industries toughest obstacles. We anticipate this program to have a significant impact on our waste diversion rates and we anticipate scaling this closed loop opportunity across the company to better support our communities and our customers.

As we continue our journey we expect to scale this program to our branch network through backhauling on our internal fleet to maximize efficiency and take advantage of available capacity that would not be utilized otherwise. This helps impact our carbon footprint a few different ways. In addition, we hope to strategically partner with customers and stakeholders to expand this opportunity to better manage one of the more challenging waste management streams in our industry.

Leader in Sustainability Award

Fastenal Canada has been selected to receive Call2Recycle's **Leader in Sustainability Award for 2022** for collecting 4.4 million kilograms of household batteries in 2022 through the Call2Recycle program.



Our recycling efforts in Canada grew immensely the last few years as we partnered with Call2Recycle, a leader in the battery recycling industry. In 2022, we received their Leader in Sustainability Award for helping to divert 9.7 million pounds of batteries. Our collection sites provide a solution to customers looking to recycle and drive behavioral changes in the way we handle materials.

Fastenal's distribution center and manufacturing facilities track energy, waste, and water consumption to find continuous improvement opportunities in our facilities. In 2022, we increased our waste diversion rate to 70%, up 15.3% from 2021. We recycled over 13.4 million pounds of materials in 2022 within the distribution center and manufacturing network.

Distribution Center and Manufacturing Waste Diversion	2020 (lbs)	Tonnes	2021 (lbs)	Tonnes	2022 (lbs)	Tonnes	% Chg
Recycled and Reused Wood Pallets	1,436,840	718	3,013,154	1,507	3,834,010	1,917	27%
Recycled and Reused Cardboard	990,936	495	1,397,690	699	1,582,550	791	13%
Recycled Metals	3,476,848	1,738	3,509,198	1,755	5,151,601	2,576	47%
Recycled Composite Pallets	167,920	84	117,000	59	102,262	51	-13%
Recycled Plastic Wrap	59,508	30	60,354	30	83,274	42	38%
Hazardous and Universal Waste	246,890	123	158,592	79	9,062	5	-94%
Non-Hazardous Waste	11,451,578	5,726	13,253,040	6,627	19,239,748	9,620	45%

Our Winona, MN and Hartford, CT manufacturing locations are in the process of SCS Zero Waste Certification for waste diversion rates of 94.5% and 97.3% respectfully. They achieve these percentages by minimizing waste through the efficient production of parts and reuse whenever possible. Our goal is to improve our waste diversion rate by 10% annually for key facilities.

> Water Consumption and Natural Resources

We continually work to minimize our environmental impact on our communities. Even though our operations use minimal water, we work towards the reduction and proper management of this important resource. The Clean Water Act is the guiding principles for water management in our business to support stormwater, wastewater, water risks and pollution. In addition, we constantly work to reduce our consumption of clean water. From 2020 to 2022, we reduced clean water consumption by 2% in our distribution centers and manufacturing facilities.

Distribution Center and Manufacturing Water Management	2020	2021	2022
Total Water Withdrawn	8,072,446	7,204,898	7,893,886
Total Water Consumed	8,072,446	7,204,898	7,893,886
Water Withdrawal by Ground and Surface Waters	100%	100%	100%

> Environmental Risks and Opportunities

We also achieved certification across our distribution manufacturing network for ISO 14001 Environmental Management System Certification. ISO 14001 is an internationally agreed standard that sets out the requirements for an environmental management system. It helps organizations improve their environmental performance through more efficient use of resources and reduction of waste and energy, gaining a competitive advantage and the trust of stakeholders. As part of this program, we maintain critical partner relationships that help us monitor and manage compliance related considerations ranging from permits, to air pollution, hazardous materials, resource conservation and recovery act, among many other regulatory and biodiversity considerations. These partnerships also allow us to minimize our risk to the environment and improve our footprint.



> Notable Achievements

In 2022, we saw a number of areas achieve incredible results from their efforts. Recognition and incentive programs are a cornerstone of our culture, and we want to recognize 25 award winners that make a positive impact to health & safety and environmental sustainability.

Branch and Onsite Division

Occupational Excellence Award		Significant Improvement Award	
Mid South	Daniel Petron	Indianapolis	Randy Miller
S.E. Central	Jim Tornstrom	Kansas City	William Yeo
South California	Tim Kraft	Metro-Atlantic	Thomas Ledgerwood
		WI-IL	Troy Parkos

Distribution and Manufacturing Division

Perfect Record Award		Occupational Excellence Award		Significant Improvement Award	
Mexico	Carlos Casillas	Atlanta	Mike Weaver	Metro-Atlantic	Marcelo Desousa
MN Industrial Services	Scott Rodeghier	Indianapolis MFG	Jordan Galiher	Akron	Pete Dotlich
				Canada Central	Matt Dawson
				Connecticut	Ralph Larson

Highest Waste Diversion Distribution Center		Most Improved Waste Diversion Rate Manufacturing	
Winona, Mn	Barry McRaith	High Point, NC	Bobby Petrella
Connecticut	Ralph Larson	Houston, TX	Joseph Bettencourt

Transportation Division

Perfect Record Award		Occupational Excellence Award		Significant Improvement Award	
Akron	Pete Dotlich	Metro-Atlantic	Marcelo Desousa	Kansas City	Mike Estell
Mexico	Carlos Casillas			Salt Lake	Mike Humphries
				Canada Central	Matt Dawson

> Key Performance Indicator Summary



Industry (2)	NAICS Code (3)	Total Recordable Cases	Cases With Days Away From Work, Job Restriction, or Transfer			Other Recordable Cases
			SubTotal	Cases With Days Away From Work	Cases With Days of Job Transfer	
Fastenal Company Performance (2022)	423840	1.75	1.42	0.84	0.75	0.39
Average of Comparable Industries		3.6	2.4	1.5	0.9	1.2
Merchant Wholesalers, Durable Goods	423	2.1	1.3	0.8	0.5	0.7
Wholesale Trade	42	2.5	1.7	1	0.7	0.8
Hardware Stores	44413	4.0	1.8	1.3	0.5	2.2
Truck Transportation	484	3.5	2.7	2	0.7	0.8
Retail Trade	44-45	3.6	2.3	1.4	0.9	1.3
Other Building Material Dealers	44419	3.8	2.8	1.7	1.2	1
Building Material and Garden Equipment and Supplies Dealers	444	4.7	3.2	1.7	1.5	1.5
Building Material and Supplies Dealers	4441	4.7	3.3	1.7	1.5	1.5

Key Performance Indicator	2022	Summary
Experience Modification Rate	0.52	48% Better Than Industry Peers
Total Recordable Incident Rate	1.75	10% Improvement From Prior Year
Lost Time Injury (LTI) Frequency Rate For Direct Workforce	0.84	(Total Number of Lost Time Injury Events) x 1,000,000 / Total Hours Worked Company Wide
Number Recordable Case	204	93.5% of Fastenal Locations Went Injury Free
Fatalities (5 Years) 2017-2022	0	100% of Fastenal Locations Went Fatality Free
Hours Worked	23,320,066	Total Labor Hours For US Branch Locations
Locations With Occupational Health & Safety Citations	3	99.8% of Fastenal Locations Did Not Receive a Citation
Total EHS Engagement	199,400	30% Increase in Total EHS Activities
Audits, Inspections, Assessments	29,236	-8% Decrease in Audit Activities
Training Participation	138,658	41% Increase in Training Activities
Percent of Operational Facilities That Conduct Health & Safety Risk Assessments	100%	North American Operational Distribution and Manufacturing Facilities
Percent of Operational Facilities That Are Certified in ISO 45001	100%	North American Operational Distribution and Manufacturing Facilities
Coaching and Meeting Participation	31,506	33% Increase in Coaching Activities
Diversion Rate	70%	15.3% Annual Improvement
Total Non-Hazardous Waste	9,620	Tonnes of Material
Total Hazardous Waste	5	Tonnes of Material
Total Recycled	6,738	Tonnes of Material
Total Water Consumed	7,893,886	Gallons
Percent of Operational Facilities That Are Certified in ISO 14001	100%	North American Operational Distribution and Manufacturing Facilities
Total Environmental Trainings	50,954	
Percent of Operational Facilities That Conduct Environmental & Sustainability Risk Assessments	100%	North American Operational Distribution and Manufacturing Facilities
EPA Regulatory Violations 2022	0	100% of Fastenal Locations Did Not Receive a Citation
Number of Energy Star Assessments	628	Energy Star Assessments Completed Since Inception
EHS & Sustainability Facility Assessments	4,700	Annual Site Assessments Completed

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› **Environment** › **Health** › **Safety** › **Sustainability**