

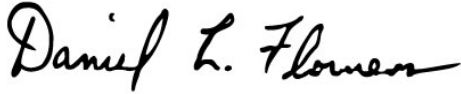
FASTENAL[®]

QUALITY POLICY MANUAL



EXECUTIVE APPROVAL

This Quality Policy Manual has been reviewed and approved by Fastenal's executive management (top management) and quality assurance leadership.



Dan Florness
President and Chief Executive Officer

February 25, 2021

Date



Terry Owen
Senior Executive Vice President – Sales Operations

February 25, 2021

Date



Cory Jansen
Executive Vice President – Manufacturing

February 25, 2021

Date



Christopher Williamson
Vice President of Quality & Engineering

February 25, 2021

Date

GROWTH
THROUGH CUSTOMER
SERVICE

1. SCOPE

This Quality Policy Manual describes Fastenal's ISO 9001:2015 Quality Management System (QMS). It covers the operations and processes used in distribution centers and branches, industrial service centers, manufacturing centers, and our corporate headquarters and international procurement offices. Fastenal's ISO registration is a multi-site certificate. [Appendix A](#) contains a listing of all the current ISO certified locations within Fastenal.

Fastenal's Quality Management System scope does not directly address safety or environmental aspects. Fastenal's Environmental Health & Safety department is responsible for these areas and they have an established EHS management system that is in compliance to OSHA regulations, ISO 45001, and ISO 14001.

2. RESPONSIBILITY & AUTHORITY

Corporate QMS Representative: Fastenal's VP of Quality & Engineering is responsible for the entire organization's implementation and maintenance of the ISO 9001 program.

3. CONTEXT OF THE ORGANIZATION (ISO 9001:2015 CLAUSE 4.1)

Fastenal's top management makes determinations of the external and internal issues relevant to our purpose and strategic direction and as they affect our ability to achieve the intended result of our QMS, which is to minimize the distribution of poor quality products and poor quality service and ensuring customer's needs and requirements are met. These internal and external issues are summarized below and reviewed during top management review.

INTERNAL		EXTERNAL	
Issue	Monitoring Method	Issue	Monitoring Method
Employee Satisfaction	Employee Survey	Steel Prices / Tariffs / Market Affected Concerns	Commodity Intelligence Department
Profit/Sales Growth	Directly measured via Sales Scorecard	Market Conditions of Industries Served	Market Research / Customer Demand
Infrastructure	Needs are reviewed directly	Supplier Performance	Supplier Scorecards

4. SCOPE OF THE QMS

Based on the internal and external issues, the needs and requirements of interested parties, and the range of products and services Fastenal offers, the scope of our quality management system was determined as shown below.

Manufacturer of threaded fasteners and machined products, the distribution of fasteners and industrial construction supplies and the provision of industrial services. Excluded from this scope is the ISO 9001:2015 section 8.3 Design and development of products and services.

Justification for exclusion of Section 8.3 of ISO 9001:2015 – Fastenal is not an original equipment manufacturer providing design services or having ownership of the design of any product.

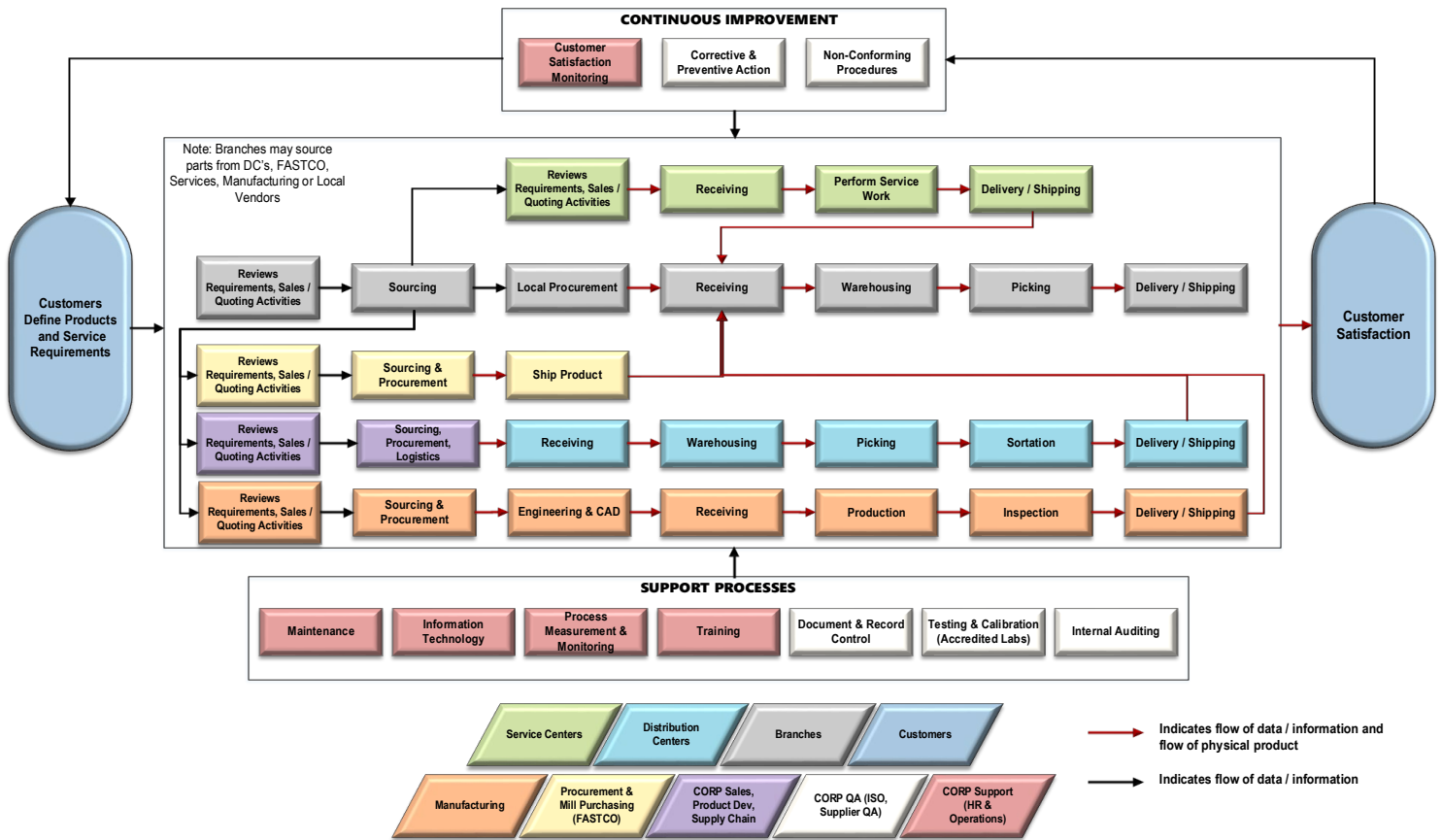
5. INTERESTED PARTIES (ISO 9001:2015 CLAUSE 4.2)

Fastenal identifies the interested parties in our quality management system as customers, suppliers, and employees. The table below summarizes how their needs and expectations may impact our QMS and how we engage in monitoring and reviewing their information.

INTERESTED PARTY	REQUIREMENTS	SOURCE OF INFORMATION	MONITOR & REVIEW
Customers	Consistent good quality products and services, on-time delivery, reliable partner relationship	QBRs, service-level agreements, contractual requirements, nondisclosure agreements, product requirements, quality plans, lease agreements	Tools: OTD reports, Merchandise Return Reports, and Scorecards. Proactive Approaches: Customer face-to-face or virtual meetings and feedback, customer satisfaction surveys Reactive Approaches: Customer complaints, product returns, product recalls.
Suppliers	Vendor agreements/contracts, PO requirements, supplier quality requirements, quality plans, PPAP requirements (as applicable), business continuity, healthy relationship, long-term partnership, fair and ethical business practices	Supplier performance reports, supplier database, contractual agreements, nondisclosure agreements	Tools: Measurement System Analysis, Vendor Returns, PPAP (as applicable), supplier scorecard. Proactive Approaches: supplier process monitoring and capability, process changes, risk mitigation. Reactive Approaches: SCARs, quarterly supplier reviews.
Employees	Benefits and compensation, job security, safe workplace, employment regulations, social accountability, job satisfaction, work/life balance, career progression	Employee satisfaction survey feedback, employee engagement	Tools: Employee Satisfaction Survey, Focus Groups, Wildfire suggestions. Proactive Approaches: Employee complaint investigation, legal case briefings, and exit interviews. Reactive Approaches: External audit reports

6. PROCESS OF THE QMS (ISO 9001:2015 CLAUSE 4.4)

The flow chart below summarizes the quality management system processes, their interactions, and sequences. Manufacturing process overview can be found in the Manufacturing QA Manual (Document Number 1.1 Fastenal Manufacturing Quality Manual).



Further information on the specific processes used by business segment and location are shown in [Appendix B](#).

7. RISKS & OPPORTUNITIES (ISO 9001:2015 CLAUSE 6.1)

For the core processes Fastenal will utilize a Risk Management Matrix as the tool for evaluating and addressing risks and opportunities. These Risk Management Matrices are live documents that are reviewed by the necessary stakeholders on an as-needed basis. Results from these activities may include a revision in processes, implementation of new programs, updates to work instructions, templates, and other documentation as applicable. Due to the low risk of the support processes Fastenal will not document Risk Management Matrices, but will evaluate and address risks and opportunities as needed. Fastenal will address these risks and opportunities with changes to processes, implementation of new programs, updates to work instructions, and other documentation as applicable.

8. DOCUMENTED PROCEDURES

The documented procedures applicable to the quality management system are established within Fastenal's server folders or through our intranet (Fastnet) and are accessible to all applicable site personnel and the quality management team. The table below outlines the location of the procedures for the various business segments within Fastenal that are applicable to the ISO 9001 certification.

SEGMENT	FASTENAL MANUFACTURING	CORPORATE QUALITY, DISTRIBUTION CENTERS, AND INDUSTRIAL SERVICES & PACKAGING	FASTENAL BRANCHES
Location of Documented Procedures:	\ISO_9001	\nas02\hub_iso_doc\$	Fastnet (Fastenal's Intranet): http://fastnet.fastenal.com/sites/services/qa/Pages/Branch%20Quality.aspx (Fastnet > Manufacturing > Quality > Branch Quality)

9. QUALITY POLICY (ISO 9001:2015 CLAUSE 5.2)

Fastenal's quality policy statement is as follows:

Fastenal is dedicated to the growth of our business by providing the highest quality products and world-class service to our valued customers. We will maintain the conviction that quality is every employee's responsibility by ensuring that every team member within the organization strives to continuously meet our quality objectives, enhance customer satisfaction, and improve the effectiveness of our quality systems and processes. This mutual responsibility will result in our goal of "Growth through Customer Service."

10. QUALITY OBJECTIVES (ISO 9001:2015 CLAUSE 6.2)

The following are the Fastenal quality objectives. A summary of the metrics used to track various micro objectives unique to each business segment is shown in the table below, with the exception of the Manufacturing business segment. Their objectives are outlined in their Manufacturing QA manual (Document Number 1.1 Fastenal Manufacturing Quality Manual) available in the network location listed above in Section 6. Quality objectives are reviewed annually with top management and are measured and tracked at the Fastenal sites by the respective site leadership.

Objective 1: Improve Product Quality - Continually improve the quality of the physical products supplied to our customers.

Objective 2: Improve Customer Service - Continually improve the quality of the services supplied to our customers.

BUSINESS SEGMENT	METRIC
Industrial Services	Services Scorecard
Branches	ISO Scorecard
Distribution Centers	HUB Scorecard, Helpdesk Discrepancy Reports
Supplier QA	Supplier Scorecards, Vendor Returns
FASTCO	Supplier Scorecards

APPENDIX A: ISO CERTIFIED LOCATIONS

A list of sites that currently hold ISO Certification can be found within our ISO 9001:2015 certificate on Fastenal.com:
https://www.fastenal.com/content/documents/2020/fastenal_iso9001_2015certificate_updated.pdf

APPENDIX B: OVERVIEW OF PROCESSES

X = Process in Place I = Indirectly used
 * Product is subcontracted through an approved vendor

DISTRIBUTION CENTERS																	
Process	9HUB	AHUB	DHUB	EHUB	HHUB	IHUB	KHUB	LHUB	MHUB	NHUB	OHUB	QHUB	SHUB	UHUB	VHUB	WINO	YHUB
Calibration	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
Customer Supplied Product	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Cycle Count	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Document & Data Control	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
Employee Training	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Internal Audits	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
Non-Conforming Product	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Preventative Maintenance	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Product Handling	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Receiving	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Shipping	I	X	X	I	X	X	X	X	X	X	X	X	X	X	X	X	X
Sortation	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Stock Pulling	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Supplier Audits	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I

PACKAGING & INDUSTRIAL SERVICES										
Process	DHUB	HHUB	IHUB	KHUB	MHUB	NHUB	SHUB	UHUB	VHUB	WINO
Band Saw Blade Welding	X	X	X				X			X
Calibration	I	I	I	I	I	I	I	I	I	I
Customer Supplied Product	X	X	X	X	X	X	X	X	X	X
Document & Data Control	I	I	I	I	I	I	I	I	I	I
Employee Training	X	X	X	X	X	X	X	X	X	X
Fall Protection Inspection	X		X	X	X	X	X	X	X	X
Hoist Recertification	X		X	X	X	X	X	X	X	X
Hoist Repair	X		X	X	X	X	X	X	X	X
Hose Fabrication			X		X		X			X
Internal Audits	I	I	I	I	I	I	I	I	I	I
Material Cutting (light mfg)				X	X	X	X			X
Non-Conforming Product	X	X	X	X	X	X	X	X	X	X
Packaging / Custom Pack	X	X	X	X	X	X		X	X	X
Plating*					X	X				X
Preventative Maintenance	X	X	X	X	X	X	X	X	X	X
Product Handling	X	X	X	X	X	X	X	X	X	X
Receiving	I	I	I	I	I	I	I	I	I	I
Regrind										X
Sling Fabrication/Inspection	X		X	X	X	X	X			X
Sling Recertification	X		X	X	X	X	X			X
Stock Pulling	X	X	X	X	X	X	X	I	I	X
Supplier Audits	I	I	I	I	I	I	I	I	I	I
Tool Repair	X		X	X	X	X	X			X

MANUFACTURING										
Process	CA180	CT180	CZ180	IL180	IN180	MN180	MN280	MY180	TX280	UK180
Bar Bending	X				X	X	X			I
Calibration	I	I	I	I	I	I	I	I	I	I
Center-less Grinding		X				X	I		X	I
CNC Milling	X		X		X	X		X	X	X
CNC Turning	X	X	X		X	X	X	X	X	X
Cold Heading		X		X						
Document & Data Control	I	I	I	I	I	I	I	I	I	I
EDM (Electrical Discharge Machining)						X				X
Employee Training	X	X	X	X	X	X	X	X	X	X
Fabrication & Welding	X				X	X				I
Heat Treat*	X	X	X	X	X	X	X	X	X	I
Hot Upset Forging		X					X		X	
Internal Audits	I	I	I	I	I	I	I	I	I	I
Non-Conforming Product	X	X	X	X	X	X	X	X	X	X
Plating*	X	X	X	X	X	X	X	X	X	X
Press-Brake						X				
Preventative Maintenance	X	X	X	X	X	X	X	X	X	X
Reverse Engineering				X		X				
Sales/Purchasing	I	X	X	X	X	X	X	I	I	X
Screw Machines	X		X		X	X	X		X	I
Supplier Audits	I	I	I	I	I	I	I	I	I	I
Threading (Cut)	X	X	X		X	X	X	X	X	X
Threading (Roll Formed)	X	X	X	X	X	X	X	X	X	I
Water Jet Cutting										

FASTCO & CERTIFIED BRANCHES		
Process	FASTCO	Branches
Calibration	I	I
Customer Supplied Product		X
Cycle Count		X
Document & Data Control	X	I
Employee Training	X	X
Internal Audits	I	I
National Procurement (purchasing - contract review)	X	X
Non-Conforming Product	X	X
Packaging/Custom Packaging	I	I
Plating*	I	X
Product Handling	I	X
Receiving	I	X
Shipping	I	X
Stock Pulling		X
Supplier Audits	X	I

CORPORATE		
Process	HQ	PSC
Calibration	X	I
Document & Data Control	X	I
Employee Training	X	X
Internal Audits	X	I
National Procurement (purchasing - contract review)	I	X
Non-Conforming Product	X	X
Supplier Audits	X	I