

## FASTENAL COMPANY Corporate Governance Guidelines

Adopted on January 17, 2022 and amended on January 17, 2023 and January 17, 2024

### ROLE OF THE BOARD AND MANAGEMENT

The business of Fastenal Company (the “*Company*”) is conducted by the officers and employees of the Company, under the oversight of its Board of Directors (the “*Board*”). The Board is elected by the shareholders to oversee management’s performance so that the interests of shareholders are served. Both the Board and management recognize the interests of customers, employees, suppliers and shareholders, and, by extension, the communities in which they live and operate.

As part of its general oversight function, the Board reviews, monitors and approves fundamental business and financial strategies and major corporate actions, and reviews and discusses reports by management on the performance of the Company and its prospects, as well as issues and risks facing the Company. The Board, operating through its committees, selects, evaluates and determines compensation and succession planning for the Chief Executive Officer and senior management, engages and assesses the independence of the outside auditor for the Company, and nominates directors for the Board. The Board also ensures that processes are in place for maintaining the integrity of the Company’s financial statements and external reporting, and the integrity of compliance with law and ethics policies.

### BOARD SELECTION AND LEADERSHIP

#### 1) Board Membership Criteria

The Nominating and Corporate Governance Committee (the “*NCG Committee*”) is responsible for reviewing, selecting and recommending Board members in the context of reviewing the characteristics and contributions of incumbent directors and assessing potential needs that can be met through new directors. The NCG Committee seeks candidates to serve as directors of the Company who possess the background, skills and expertise to make a significant contribution to the Company and its shareholders.

Desired qualities to be considered include one or more of the following:

- leadership experience in business or administrative activities;
- breadth of knowledge about issues affecting the Company; and
- ability to contribute special expertise to Board or committee activities.

All directors should have:

- personal integrity;
- loyalty to the Company and concern for its success and welfare;
- the ability and willingness to apply sound and independent judgment;
- an awareness of a director’s vital part in the Company’s good corporate citizenship;
- time available for meetings and consultation on Company matters;
- the commitment to serve as a director for a reasonable period of time; and
- the willingness to assume the fiduciary responsibilities of a director.

Qualified candidates for membership on the Board will be considered without regard to race, color, religion, sex, ancestry, national origin or disability. Except during periods of temporary vacancies or under other circumstances outside of the Company’s control, a majority of the individuals serving on the Board will be independent directors as such term is defined in the listing standards of the Nasdaq Stock Market (“*Nasdaq*”).

#### 2) Selection of New Directors

If the NCG Committee determines to recommend the addition of one or more directors, or if a vacancy occurs on the Board that the Company is required to fill or that the NCG Committee determines should be

filled, the NCG Committee will follow, to the extent it deems necessary and appropriate, these steps to identify, evaluate and recruit director candidates:

- Initiate a search for director candidates;
- The initial slate of candidates shall include female and racially and/or ethnically diverse candidates (and any third-party search firms requested to furnish an initial slate will be asked to include such candidates);
- Conduct inquiries into the background and qualifications of the initial slate;
- Discuss the initial slate and determine one or more preferred candidates;
- The preferred candidate or candidates will be interviewed by the chair of the NCG Committee;
- Meet to consider and approve the final candidate;
- Seek Board endorsement of the final candidate;
- After receiving Board endorsement, a formal invitation to the final candidate will be extended by the Chair of the NCG Committee or by the Chair of the Board.

Qualified candidates for membership on the Board recommended by shareholders of the Company will be considered by the NCG Committee in the event it determines to recommend the addition of directors or in the event of a vacancy on the Board that the Company is required to fill or that the NCG Committee determines should be filled, and candidates recommended by shareholders will be evaluated in the same manner as other candidates. Shareholders may recommend candidates to the NCG Committee by following the instructions on the Company's website.

### **3) Majority Voting for Directors**

In an uncontested election of directors at which a quorum is present, if any nominee for director receives a greater number of votes "against" his or her election than votes "for" such election, such person shall promptly tender his or her resignation to the Board following certification of the shareholder vote.

The NCG Committee will consider the tendered resignation and make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken (e.g., maintain the director but address what the NCG Committee believes to be the underlying cause of the against votes).

The Board will act on the tendered resignation, taking into account the NCG Committee's recommendation, and publicly disclose its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results.

The NCG Committee in making its recommendation, and the Board in making its decision, each may consider any factors or other information that it considers appropriate and relevant.

Any director who tenders his or her resignation under such circumstances will not participate in the deliberations of either the NCG Committee or the Board with respect to his or her resignation. If each member of the NCG Committee receives a greater number of votes "against" his or her election than votes "for" such election at the same election, however, then the independent directors who did receive a greater number of votes "for" such election shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. If no independent directors received a greater number of "for" votes than votes "against", then all of the independent directors excluding the director whose particular resignation is being considered shall constitute a committee to consider such resignation and recommend to the Board whether to accept it.

If a director's tendered resignation is not accepted by the Board under these circumstances, the director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier death, resignation or removal. If a director's resignation is accepted by the Board, then the Board, at its sole discretion, may fill any resulting vacancy or may decrease the size of the Board.

#### **4) Leadership Structure**

The Board shall determine the leadership structure of the Board from time to time. The Board shall choose its Chair based upon the Board's view of what is in the best interests of the Company at any given point in time, based on the recommendation of the NCG Committee. Therefore, the Board does not have a policy on whether or not the role of the Chair and Chief Executive Officer should be separate or combined and, if it is to be separate, whether the Chair should be selected from the non-employee directors or be an executive officer.

In order to facilitate communication between management and the non-employee directors, in the event that the Chair of the Board is not an independent director, the Board should elect a "Lead Independent Director," who will have the responsibility to schedule and prepare agendas for meetings of the non-employee directors. The Lead Independent Director will communicate with the Chief Executive Officer, disseminate information to the rest of the Board in a timely manner and raise issues with management on behalf of the non-employee directors when appropriate. All members of the Board are encouraged to communicate with the Chief Executive Officer.

### **BOARD COMPOSITION AND PERFORMANCE**

#### **5) Size of the Board**

The Restated Bylaws of the Company (the "Bylaws") provide that the size of the Board shall consist of not less than five and not more than twelve members; however, the exact number of directors will be determined by the Board from time to time, consistent with the Bylaws. The Board and the NCG Committee will periodically review the size of the Board and determine whether the size is appropriate for the Company.

#### **6) Mix of Management and Independent Directors**

As required by the Nasdaq rules, independent directors will constitute a majority of the Board. The maximum number of employees or former employees serving on the Board will not exceed thirty percent of the total number of directors on the Board, which limitation may be waived by the Board.

#### **7) Independence Definition**

The Board of Directors shall affirmatively determine the independence of each non-employee director and consider all factors relevant in determining whether he or she has a relationship to the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In determining which members of the Board of Directors are "independent," the Board shall use the definition contained in the corporate governance requirements of Nasdaq as in effect from time to time. In addition, a director will not qualify to serve on the Company's Audit Committee, Compensation Committee or NCG Committee if the director is not independent in accordance with applicable Nasdaq requirements and rules of the Securities and Exchange Commission. Any employees or former employees serving on the Board will not be designated as an independent director by the Board.

Each director should promptly report to the Board any change that could result in a related person transaction or otherwise affect the director's independence.

#### **8) Directors Who Change Their Present Job Responsibility**

A non-employee director must submit written notice to the Board upon a material change in his or her principal job responsibilities. A director who is also an employee must submit written notice to the Board prior to termination of his or her active service as an employee of the Company. Employee directors that terminate their service as an employee of the Company may continue to serve as a director for up to five years after termination as an employee of the Company. The NCG Committee will evaluate the continued appropriateness of Board membership under the changed circumstances and make a recommendation to the full Board regarding continued membership on the Board.

## **9) Service on Other Boards**

A director must advise in writing to the Chair of the Board of their intent to serve on the board of another public company. No director may serve on more than two public company boards, including the Company's Board, without the prior approval of the Board.

## **10) Term and Age Limits**

The NCG Committee will review the contributions of each incumbent director and the continued appropriateness of Board membership when making its nomination recommendations to the Board. The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

The Board has an 'age-limitation' policy relating to service on the Board. The policy provides that no person can be nominated by the Board for election by the shareholders of the Company to the Board, or appointed by the directors of the Company to fill any vacancy on the Board, during any year if such person is 72 years of age or older on January 1st of such year.

## **11) Board Compensation**

The Compensation Committee will recommend to the Board compensation programs for directors, including cash and equity elements, with the Board approving the form and amount of compensation for directors.

## **12) Share Ownership by Directors**

The Board believes that directors and executive officers should be shareholders of the Company and should accumulate stock ownership whose value is set forth in the Company's Stock Ownership Guidelines.

## **13) Director Orientation and Continuing Education**

The NCG Committee shall oversee an orientation process to familiarize new directors with the Company, including its business and strategic plans, financial statements and key policies and practices. Directors are encouraged to participate in continuing education programs focused on the responsibilities of members of a public company board of directors.

## **14) Assessing Board and Committee Performance**

The Board shall conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively. The NCG Committee shall receive comments from all directors and report annually to the Board with an assessment of the Board's performance, to be discussed with the full Board. Each committee will be responsible for conducting a self-evaluation annually and reporting the results to the Board.

## **15) Board's Interaction with Institutional Investors, Press and Others**

The Board believes that, except in extraordinary circumstances, management should speak for the Company. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company.

## **16) Communications to the Board**

Shareholders or other interested parties who wish to communicate with the Board may do so by sending an email to [bod@fastenal.com](mailto:bod@fastenal.com) or writing to the Board or a particular director in care of the Executive Assistant to the Board at the mailing address of the Company as set forth on the Company's website. All communications will initially be received and processed by the Executive Assistant to the Board, who will consult with the Chair of the Board and then refer any appropriate communication to the applicable Board

member. The Executive Assistant to the Board will not forward communications received that are unrelated to the responsibilities of the Board. The director to whom a communication is referred will determine, in consultation with Company counsel if necessary, whether a copy or summary of the communication will be provided to the other directors. In consultation with Company counsel if necessary, the Board will respond to communications if and as appropriate.

#### **17) Oversight of Risk Management**

The Board recognizes that, although risk management is a primary responsibility of the Company's management, the Board plays a critical role in oversight of risk. The Board, in order to more specifically carry out this responsibility, has assigned the Audit Committee the primary duty to periodically review the Company's policies and practices with respect to risk assessment and risk management, including discussing with management the Company's major risk exposures and the steps that have been taken to monitor and control those exposures. Those risks include company, industry, and general economic risks, such as risks related to cyber security incidents. The Compensation Committee has been assigned the duty to assess the impact of the Company's compensation programs on risk and recommend to the Board the adoption of any policies deemed necessary or advisable in order to mitigate compensation related risks. Each committee reports to the Board ensuring the Board's full involvement in carrying out its responsibility for risk management and to ensure that risks are appropriately identified, measured, monitored and addressed.

### **BOARD RELATIONSHIP TO SENIOR MANAGEMENT**

#### **18) Attendance of Non-Directors at Board Meetings**

With the concurrence of the Board and, as applicable, the committees, members of senior management recommended by the Chief Executive Officer may attend Board meetings upon invitation. The Board encourages the Chief Executive Officer to arrange for the attendance of other members of management at Board meetings who can provide useful insights on matters being presented or who have future potential and could benefit from being given exposure to the Board.

#### **19) Board Access to Senior Management**

Directors shall have full and free access to the Company's management and employees. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Executive Assistant to the Board or directly by that director.

### **MEETING PROCEDURES**

#### **20) Number of Board Meetings**

While the frequency of Board meetings will vary with circumstances, a minimum of four regular meetings will be held annually. The Chair of the Board, in consultation with the Company, is responsible for developing the annual schedule of Board meetings.

#### **21) Selection of Agenda Items for Board Meetings**

The agenda for each Board meeting will be established by the Chief Executive Officer and the Chair of the Board in consultation with the committee Chairs as applicable. Each director is encouraged to make suggestions for agenda items or additional presenting materials to the Chair of the Board, Chief Executive Officer or appropriate committee Chair at any time.

#### **22) Board Materials Distributed in Advance**

Presentations on specific subjects to be discussed at an upcoming Board meeting as well as information that is important to the Board's understanding of the business will be distributed to the Board sufficiently in advance of Board meetings to provide directors with an adequate opportunity to prepare for discussion at the meeting.

### **23) Attendance and Preparation**

Directors are expected to devote sufficient time and attention to prepare for, attend, and participate in Board meetings and meetings of Board committees on which they serve. In accordance with MN Statutes 302A.235, a majority of Board members currently holding office will constitute a quorum for which the Board may transact business at the meeting. While the Company has no formal policy regarding attendance at its annual meeting of shareholders, directors are expected to attend the annual meetings of the shareholders of the Company.

### **24) Executive Sessions of Independent Directors**

The independent directors of the Board will meet in executive session without management present a minimum of twice a year. Executive sessions will be chaired by the independent Chair of the Board or, if the Chair is not an independent director, by the Lead Independent Director.

## **COMMITTEE MATTERS**

### **25) Number, Structure and Independence of Committees**

The Board maintains three standing committees: the Audit Committee, the Compensation Committee, and the NCG Committee. From time to time, the Board shall review the committee structure and determine whether it is appropriate to form, modify or disband a current committee. In addition, the Board will review the division of responsibilities among the Board and each of the committees and determine whether changes need to be made in the division of responsibilities.

Each standing committee will have its own charter that will be made available on the Company's website. The charters will set forth the purposes and responsibilities of the committees as well as certain specific qualifications for committee membership. The charters will also address committee reporting to the Board and provide that each committee will annually evaluate its performance.

### **26) Assignment and Rotation of Committee Members**

The Chair of the Board, in consultation with individual Board members, determines the assignment of Board members to, and selection of the Chairs of, the committees, subject to approval by the Board.

It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that such a rotation should be mandated as a policy since there may be reasons at a given point in time to maintain an individual director's committee membership for a longer period.

### **27) Committee Meetings**

Each committee Chair, in consultation with committee members, will determine the frequency and length of the meetings of the respective committee. In accordance with MN Statutes 302A.241, Subdivision 4, a majority of the committee members currently holding office as a member of the committee will constitute a quorum for which the committee may transact business at the meeting. Each committee Chair, in consultation with the appropriate members of the committee and management, will develop the respective committee's agenda.

## **LEADERSHIP DEVELOPMENT**

### **28) Evaluation of Chief Executive Officer**

The Compensation Committee will annually coordinate an assessment by the independent directors of the performance and effectiveness of the Chief Executive Officer, discuss the results of the assessment with the Chief Executive Officer, and consider such performance in establishing or changing the Chief Executive Officer's compensation.

### **29) Succession Planning**

The Compensation Committee reviews and recommends to the independent directors of the Board succession plans for the Chief Executive Officer and other executive officers. The Company has historically utilized a philosophy of 'promoting from within' the Company's organization from a diverse selection of qualified internal candidates and will continue to promote a diverse pipeline for executive management, viewing continuity in culture and experience with the Company's organization as paramount considerations when evaluating potential senior leadership. Any such internal search may or may not include female and racially and/or ethnically diverse candidates, depending on whether any such candidates meet the paramount considerations set forth above at the time the opportunity is available. However, should the Board decide to seek or engage a third-party search firm to solicit a chief executive officer from outside the Company, any initial list of outside chief executive officer candidates would include female and racially and/or ethnically diverse candidates.

## **GENERAL**

### **30) Basic Responsibilities**

The basic responsibility of the directors is to exercise their business judgment in good faith to act in what they reasonably believe to be in the best interests of the Company. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of their fellow directors and the Company's senior executives and outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf and to the benefits of indemnification to the fullest extent permitted by law under the Company's Restated Articles of Incorporation, Bylaws and any indemnification agreements.

### **31) Ethics and Conflicts of Interest**

The Board expects all directors, officers and employees to act ethically at all times and to comply with the Company's Standards of Conduct, which the directors will review and attest to on an annual basis. If an actual or potential conflict of interest arises for a director, the director will promptly inform the Chair of the Board and the Chief Executive Officer. If a significant conflict exists and cannot be resolved, the director should resign. All directors will recuse themselves from any discussion or decision affecting their business or personal interests, and no member of management will be present during any discussion regarding that member of management individually.

### **32) Access to Advisors**

The Board and each committee have the power to hire at the expense of the Company independent legal, financial or other advisors as they may deem necessary or appropriate, without consulting or obtaining the approval of any officer of the Company in advance.

### **33) Review of Guidelines**

These Guidelines will be reviewed periodically by the NCG Committee, which will recommend for adoption by the Board any amendments or modifications it deems necessary or desirable. These Guidelines will, along with each committee's charter, be posted on the Company's corporate website.

### **34) Implementation of Guidelines**

The NCG Committee will oversee the implementation of the Guidelines, and in so doing is authorized to interpret the Guidelines and to recommend to the Board the temporary waiver of any requirement of the Guidelines when, in the judgment of the NCG Committee, such a waiver is in the best interests of the Company and its shareholders and is not inconsistent with any law, regulation or stock exchange rule applicable to the Company.