

Copper State Bolt & Nut Co.

2024 Annual Report On Sustainability



ABOUT COPPER STATE BOLT & NUT CO.

Copper State Bolt & Nut Co. is a leading distributor and manufacturer of fasteners, strut & accessories, construction products, industrial supplies, safety products, tools & accessories, and specially manufactured products.

Headquartered in Phoenix, Arizona, Copper State Bolt & Nut Co. has been privately owned and operated since its founding in 1972.

As a second-generation family, women-owned, business we benefit from the founding principles that formed Copper State more than 50 years ago, and their application today in a fast-paced, technology-rich, and service centric operation.

In 2024, Copper State supported about 17,000 customers with 30+ company facilities and more than 500,000 square feet. With over 620 employees on our team, we pride ourselves on outstanding customer service, value-added solutions, continuous improvement, and continued reinvestment in the growth of our business.



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EXECUTIVE SUMMARY

In our second formal sustainability report, Copper State reaffirms its commitment to long-term environmental, social, and economic stewardship. As a second-generation, family- and women-owned business with more than 30 facilities and 620 employees, we are dedicated to fostering a resilient operation rooted in responsible practices and operational excellence.

Our environmental efforts focus on energy efficiency, water conservation, and emissions reduction, including reflective roofing on 72% of facilities, solar energy generation, and a 46% drop in emissions from natural gas since 2022. We enhanced circularity by scaling material reuse and recycling initiatives—achieving full pallet reuse and strong adoption of recycled paper, corrugated packaging, and buckets.

Socially, we strengthened employee engagement through growth, and competitive compensation. Our supply chain progress included growing supplier alignment with renewable energy and ethical practices, while emissions transparency remains a development priority.

Looking ahead we are looking forward to collaborating with suppliers on shared sustainability goals and setting science-based targets to continue driving measurable, long-term impact.

□ ENVIRONMENTAL STEWARDSHIP

- Reflective Roofing
- Water & Land Management
- Renewable Energy Production

□ CIRCULARITY & WASTE REDUCTION

- Pallet Reuse
- Paper & Packaging
- Bucket Reuse & Recycling

□ SOCIAL RESPONSIBILITY

- Employee Growth
- Competitive Compensation
- Workplace Culture

□ SUPPLY CHAIN

- Durable Goods
- Logistics Optimization
- Supplier Engagement

□ LOOKING AHEAD

- Deeper Supplier Collaboration
- Enhance Emissions Reductions
- Community Engagement





Our Approach

MISSION ALIGNED

At Copper State, we set out as our mission to be the First Choice for our Employees, the First Choice for our Customers, and the First Choice for our Suppliers. Through our employees, we strive towards this mission in the form of ensuring a safe work environment, developing our team through training and experience, and committing to compensation, incentive, and benefits programs that enable our team to build strong foundations for their families. Through our customers, we strive towards this mission as a contributor to our local community, as a steward of resources, and as a partner in enhancing the industries we serve. Through our suppliers, we strive towards this mission by way of a global supply chain, with partners who match our conviction towards great products, great services, and great business practices.

We embrace sustainability throughout our operations, through the products we supply, and through our focus on continuous improvement to leverage emerging technologies and applications. We recognize our impact throughout our supply chain, ensuring that our supplier partners both internationally and domestically share our efforts towards strong environmental, social, and economic principles. At Copper State we work towards practical solutions and substantial impact. We are pleased to provide our second Sustainability Report, representing our performance for the past three years, and with insight towards our commitment to future sustainability targets.

Nature of Operations

Copper State operates with 30+ facilities across the western U.S.

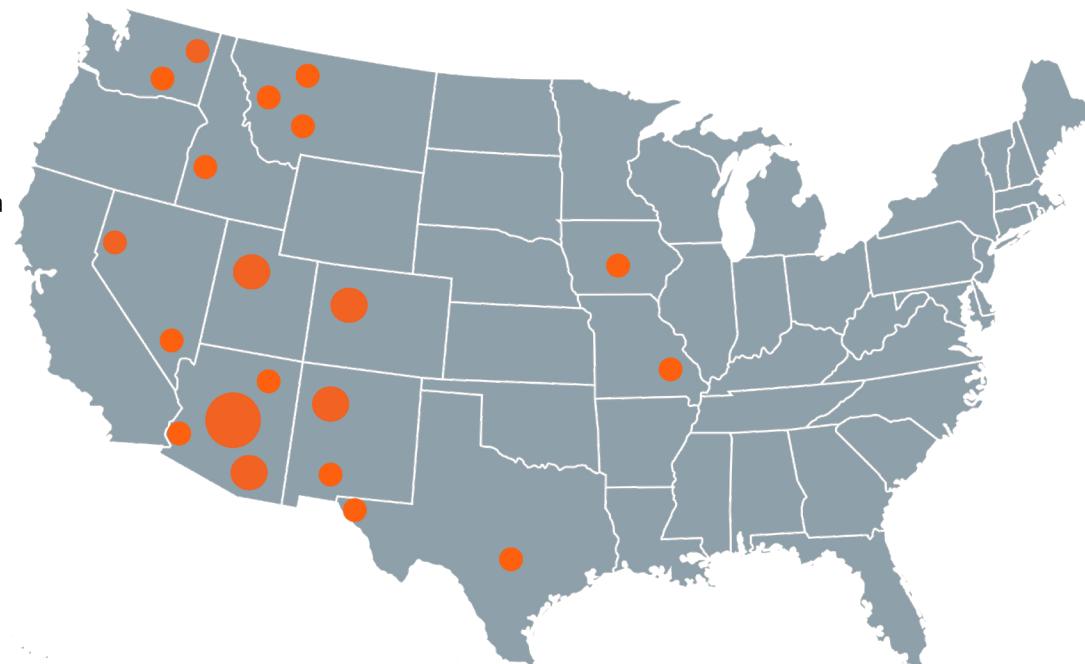
OUR BUSINESS MODEL

Copper State is a branch-based distribution company, with more than 30 locations across the western United States. As a distributor, we source our product globally, with approximately 40% of our product manufactured in East Asia, approximately 50% of our product manufactured in the United States, and the balance of product from other countries throughout the world. We have a manufacturing facility in Phoenix, AZ that produces large diameter specialty fasteners, primarily utilizing domestic material and domestic labor. Each of our branch operations includes an employee team comprised of sales and operations, and sometimes including production and administrative staff.

Our branch operations are stocking warehouses with inventory on hand based on the industries served in each specific geography. A significant portion of the inventory on hand in our branches is supplied to Copper State directly by our supplier partners, most often those that are based in the U.S. We do operate an internal distribution center in Arizona which supports the 30+ branch locations with inventory that is either imported directly from overseas; down-packed, kitted, or assembled in Phoenix; or represents safety stock of product that may not be readily available from our supplier partners.

Copper State supplies product primarily to support construction, industrial, or manufacturer customers. As is highlighted later in this report, the vast majority of the product we supply lasts indefinitely in the construction project or equipment where it is installed, while some of the products supplied are consumable in nature and have short lifespans. We operate a will-call counter in every one of the Copper State branch operations, wherein nearly 60% of our orders are picked up by customers, “though the majority of revenue is delivered via a Copper State fleet vehicle, such as a stakebed truck, van, or light duty pickup”. We utilize truckload, LTL, and small-parcel freight partners for inbound, internal, and outbound shipments to customers when pickup or delivery is not applicable.

In any given month we support 8,000 – 9,000 customers, more than 30,000 orders and 150,000 line items, representing nearly 20 million pounds of product received, transferred, and shipped to customers. We have nearly 300,000 SKUs on hand across our 30+ branch locations in about 500,000 square feet, supported by our more than 620 employees across all functions within the business.



Sustainability Strategy

Copper State's sustainability strategy focuses on 3 pillars.



OUR STANCE

Copper State Bolt & Nut Co. is anchored in advancing three pillars - **Environmental, Economic, and Social** sustainability.

ENVIRONMENTAL

Copper State continues to advance in providing adaptive solutions to our business operations. We integrate advanced technologies and innovative processes to optimize resource use, cutting down on energy and material waste across our operations. Our approach enhances efficiency at every stage—from purchasing and production, through stocking, and to delivery—aiming to reduce emissions and conserve natural resources without compromising performance. By prioritizing these scalable improvements, we achieve measurable reductions in our ecological impact, reinforcing our commitment to a sustainable future through transparent, impactful environmental stewardship.

ECONOMIC

We recognize the critical role our supply chain plays in advancing sustainability, and we are committed to addressing this challenge with a proactive strategy. Our approach focuses on partnering and supporting our suppliers in prioritizing renewable resources, embracing circular economic principles, and minimizing ecological impact. We are invested in optimizing logistics in our distribution network. By fostering collaboration with stakeholders, and adapting to evolving environmental standards, we are building a resilient and responsible supply chain that supports and contributes to a sustainable future.

SOCIAL

The company emphasizes fostering robust teams as the foundation of our success. We are committed to building a workforce where employees are empowered through comprehensive training programs, and opportunities for career growth. By prioritizing workplace safety and well-being, we cultivate a culture of collaboration and resilience, ensuring our teams thrive in a supportive environment. We engage with local communities near our facilities, offering employment opportunities and partnerships that strengthen social ties and economic stability.



CULTURE & COMMUNITY DEVELOPMENT

COPPER STATE'S COMMUNITY INVOLVEMENT

Ever since our founding, Copper State has embraced a leadership role in the communities where we operate. This role is perhaps most impactful across a wide range of families through the form of youth sports sponsorship. This sponsorship includes support of local teams and leagues of our employees, their children, or grandchildren. Our Founder, Martin Calfee, upon his passing in 2024 aspired for Copper State to enhance its support of our employees and their families through this kind of sponsorship.

In addition to youth sports, Copper State partners with its customers and suppliers to support those charitable causes most important to the communities where we operate. This includes direct support of organizations such as the ASU Sun Angel Foundation, the Phoenix Thunderbirds, Phoenix Children's Hospital, and Banner Cancer Center among others.

By empowering our workforce and strengthening community ties, we are not only enhancing lives but also reinforcing our role as stewards of a sustainable future, where equity and environmental responsibility go hand-in-hand, driving progress towards our organization's goals.

CURRENT & FUTURE IMPACTS

FIRST CHOICE FOR EMPLOYEES

620+ Employees

8% Employee Growth From Previous Year

Competitive Compensation & Benefits

FIRST CHOICE FOR CUSTOMERS

Dedicated To Excellence

Adaptable Operations

Built On Integrity & Trust

FIRST CHOICE FOR SUPPLIERS

Strong Global Partnerships

High Quality Product Standards

Sustainability Values





Planetary Stewardship

Copper State Bolt & Nut Co. embraces planetary stewardship as a cornerstone of our sustainability mission, integrating innovative practices across our operations to protect and preserve Earth's vital resources.

Central to this effort is our commitment to water and land stewardship, where we've implemented water efficiency projects within our facilities reducing water consumption. We have additionally implemented xeriscaping landscaping techniques in compliance with sustainable land management practices. Simultaneously, we have prioritized circularity in our operations through recycling and minimized-use programs with pallets, boxes, and paper.

We've made meaningful strides in building efficiency. Currently, 67% of our branches operate with energy-efficient A/C units, and swamp cooler efficiency has improved by 24% compared to last year. With a majority of our locations utilizing tinted windows, we've reduced heat absorption—allowing us to run cooling systems less frequently. Together, these improvements help create a more sustainable, low-maintenance, environment for our employees, customers, and the planet.

These initiatives reflect our holistic approach to planetary stewardship, blending technology, collaboration, and forward-thinking design to safeguard natural resources. By embedding these practices into our core operations, we are not only reducing our environmental impact but also setting a standard for responsible resource use, ensuring a healthier planet for future generations while aligning with our long-term sustainability goals.

Water & Land Stewardship

Copper State takes great pride in protecting our water and land assets.



XERISCAPING LANDSCAPING *92% of Company Facilities*



TRACKING WATER CONSUMPTION *Fully Incorporated Companywide*



REFLECTIVE ROOFS *72% of Company Facilities*



LOW FLOW WATER FIXTURES *60% of Company Facilities*

WATER & BUILDING HIGHLIGHTS



- Majority of planted areas feature drought-tolerant, native species
- Designed to thrive without supplemental irrigation



- Real-time monitoring systems in place
- Usage trends analyzed regularly to identify inefficiencies



- Reduces heat absorption and lowers cooling demand
- Helps mitigate urban heat island effect in dense areas



- Significant progress from 38% compliance in 2022
- Older fixtures replaced during scheduled renovations

SUSTAINABLE PRACTICES

Copper State Bolt & Nut Co. deepened its commitment to water and land stewardship throughout our operations. With nearly half of our facilities located in the state of Arizona, we address the region's unique environmental challenges with innovative and sustainable practices.

Recognizing the arid climate and limited water resources, consumption is carefully monitored throughout our total operations. Copper State deploys xeriscaping across **92%** of facility grounds, replacing water-intensive landscaping with drought-resistant native plants to significantly reduce irrigation needs. Additionally, we utilize low-flow systems and rainwater harvesting, to optimize usage and minimize waste.

Copper State uses highly reflective building methods, with **72%** of facilities featuring climate-wise roofs that reduce heat absorption, cut energy usage, and help combat urban heat island effects. These efforts not only conserve vital water resources but also enhance land stewardship by promoting biodiversity and reducing soil erosion, aligning our operations with the ecological demands of the desert landscape while supporting a sustainable future.



Paper & Pallet Circularity

Copper State has driven multiple projects aiding paper and pallet circularity.

SUSTAINABILITY MANAGEMENT STRENGTHS

Paper Waste Reduction

 **61%** of our branches regularly use recycled paper, and **58%** are actively following a paper waste reduction plan—reflecting our ongoing commitment to more sustainable office practices.

Pallet Reuse

 Across all of our branches, we achieved **universal adoption** in the reuse rate for wood pallets, significantly reducing the demand for new pallet production and minimizing deforestation.

Corrugated Box Reuse

 Our corrugated Copper State boxes recycling efforts are robust, with **79%** of facilities recycling these materials. Our larger facilities lead the way in full compliance of these efforts.

Bucket Reusage and Recycling

 Bucket reuse and recycling is another highlight, while buckets are not used at all locations **84%** of applicable branches reuse buckets in many ways. Once these buckets are at the end of their life cycle, **78%** of these branches recycle unusable buckets.

 These practices reflect our dedication to waste reduction and resource efficiency.





Climate Change Impact

In preparing our 2023 report, Copper State deepened its commitment to understanding and mitigating climate change by adopting a comprehensive assessment strategy grounded in the Greenhouse Gas (GHG) Protocol's Scope 1, 2, and 3 operational control framework. Recognizing the urgent need to address our environmental footprint, we initiated a multi-faceted approach to measure and manage emissions across all operational levels.

- Scope 1: we are quantifying direct emissions from owned sources, such as company vehicles and on-site fuel combustion, to establish a clear baseline for immediate reduction targets.
- Scope 2: we are evaluating indirect emissions from purchased electricity and heating, collaborating with energy providers to transition toward renewable sources and enhance efficiency.
- Scope 3: the most ambitious aspect of our strategy lies herein, where we are mapping emissions across our value chain—from supplier activities, through our customers & industries supported, to product end-of-life—using advanced data analytics and stakeholder engagement to identify high-impact areas.

This holistic assessment, leverages innovative tools and partnerships to ensure accuracy and transparency, reflecting our dedication to tackling climate change comprehensively. By integrating the GHG Protocol's structured methodology, we aim not only to comply with emerging standards but also to lead by example, driving systemic change across our industry while setting measurable goals for sustained environmental progress in the years ahead.

Scope 1 Emissions

Direct Emissions for Operations

TOTAL TRANSPORTATION EMISSIONS

1,538



2022			2023			2024		
Miles (Avg.)	Fleet (Count)	Emissions per (MT CO2e)	Miles (Avg.)	Fleet (Count)	Emissions per (MT CO2e)	Miles (Avg.)	Fleet (Count)	Emissions per (MT CO2e)
16,197	66	8.54	20,304	76	10.35	18,509	85	10.15



13,237	10	6.48	14,255	9	6.95	14,998	13	7.60
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10,865	14	7.40	12,276	14	10.87	16,160	19	10.89
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18,154	23	11.59	17,579	22	11.22	22,304	26	14.23
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1. Scope 1 – Combustible Fuel Emissions were measured and calculated in accordance with the GHG Protocol Corporate Standards

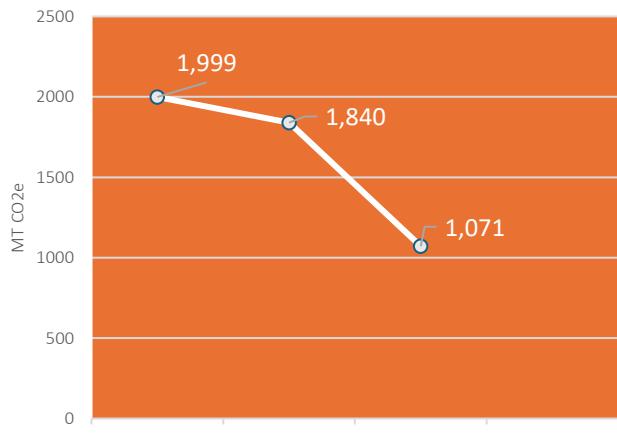
2024 HIGHLIGHTS (TRANSPORTATION EMISSIONS)

Our fleet utilization continues to increase, both in terms of number of vehicles and number of miles traveled. In 2024 our vehicles traveled **nearly 2.7 million miles**, a 20% increase from 2023 and a 50% increase from 2022. Our replacement vehicles are more fuel efficient, though our geographic delivery and service areas continue to expand. While this increase reflects the scaling of our operations to meet growing demand, it underscores the opportunity for enhanced emissions reduction strategies. We are committed to tackling this challenge head-on by optimizing fleet efficiency. These efforts align with our long-term goal of reducing Scope 1 emissions and achieving a more sustainable transportation future.

2024 HIGHLIGHTS (NATURAL GAS EMISSIONS)

In 2024, we made significant strides in reducing natural gas-related emissions in our Heat-Treating facility, leveraging cutting-edge technology to enhance our sustainability efforts. In 2022, our operations resulted in 1,999 metric tons of CO2e from natural gas use. By 2023, this figure decreased to 1,840 MT CO2e, reflecting early gains from efficiency improvements. In 2024, we achieved a remarkable reduction to 1,071MT CO2e—a **46% drop** from 2022 levels. This substantial decline stems from our investment in innovative technologies that optimize natural gas consumption and minimize emissions. These advancements highlight our unwavering commitment to reducing our environmental impact while maintaining operational excellence, setting a strong foundation for continued progress in sustainability.

NATURAL GAS EMISSIONS



TOTAL NATURAL GAS EMISSIONS MT CO2e

1,071

2. Scope 1 - Natural Gas Emissions were measured and calculated in accordance with the GHG Protocol Corporate Standards

Scope 2 Emissions

Indirect emissions from purchased electricity.



TOTAL SOLAR ENERGY GENERATION (kWh)

316,126

DECARBONIZING OUR ENERGY SECTOR

Decarbonization is key in solidifying our path towards a sustainable future. Copper State's **316,126 kWh of annual solar generation**, is fueling our way towards energy resiliency. Copper State's investment more than a decade ago in a large-scale solar photovoltaic (PV) arrays on three large facilities has enhanced our capacity to deliver innovative and efficient solutions, propelling us toward a low-carbon future.

To further its commitment, Copper State Bolt & Nut Co continues driving efforts in decarbonizing our energy mix, enhancing supply chain resilience, and supporting our customers with environmentally responsible solutions, driving broader sector-wide progress.

2024 HIGHLIGHTS

In 2024, Total usage reached 3.6 million kWh, with emissions at 2,813 MT CO2e. Since 2022, we have seen an 11% increase in kWh as operational growth continues. In efforts to continue emission reductions, a cornerstone of this progress was generating 316,126 kWh of solar energy, **offsetting roughly 11% of our electricity demand** and avoiding approximately 245 MT CO2e in emissions. Paired with investments in energy-saving technologies like LED lighting, this solar integration enabled us to decouple energy growth from carbon impact.

These 2024 achievements highlight our leadership in sustainable energy management, blending innovation and renewables to drive down our environmental footprint while achieving ambitious goals for continued decarbonization.

	ENERGY CONSUMPTION	2022	2023	2024
Employees		549	591	620
SQFT		394,727	511,616	515,836
Total Energy Utilized (kWh)		3,264,029	3,369,852	3,625,385
Total Energy Utilized / SQFT (kWh)		8.27	6.59	7.03
Total Energy Utilized / Employee (kWh)		5,945	5,702	5,847
Location Based Emissions (MT CO2e)	2,533	2,615	2,813	
Market Based Emissions (MT CO2e)	2,286	2,354	2,568	
Total Solar Energy Produced (kWh)	317,808	335,481	316,126	
Total Solar Energy / SQFT (kWh)	0.81	0.66	0.61	
Total Solar Energy / Employee (kWh)	579	568	510	

1. Scope 2 – Location & Market Based Electricity emissions were measured and calculated in accordance with the GHG Protocol Corporate Standards



Scope 3 Emissions

Organizational value chain.

SUSTAINABILITY IMPACTS ACROSS PRODUCTS AND INDUSTRY

Copper State Bolt & Nut Co. broadened its focus on Scope 3 emissions, placing a stronger emphasis on how our products are used, how they move through our supply chain, and how our operations align with long-term sustainability goals.

The majority of what we ship is built to last. Approximately 78% of our outbound weight in 2024 consisted of durable goods like Fasteners, Strut & Accessories, and Construction Products—products that are typically installed once and remain in place for the life of a project. The customer industries we support further amplify this impact, with over 47% of outbound weight tied to construction, and another 8% each supporting energy production and mining—industries critical to sustainable development.

These initiatives underscore our commitment to understanding and mitigating Scope 3 impacts while fostering sustainability throughout our operations and beyond.



DURABLE GOODS

78%

Fasteners, strut, and construction products designed to stay in place for decades.



DISPOSABLE / SHORT-TERM USE

11%

Customer-specific products, industrial supplies, safety products, and power tools used temporarily or for project-specific applications.



OTHER

11%

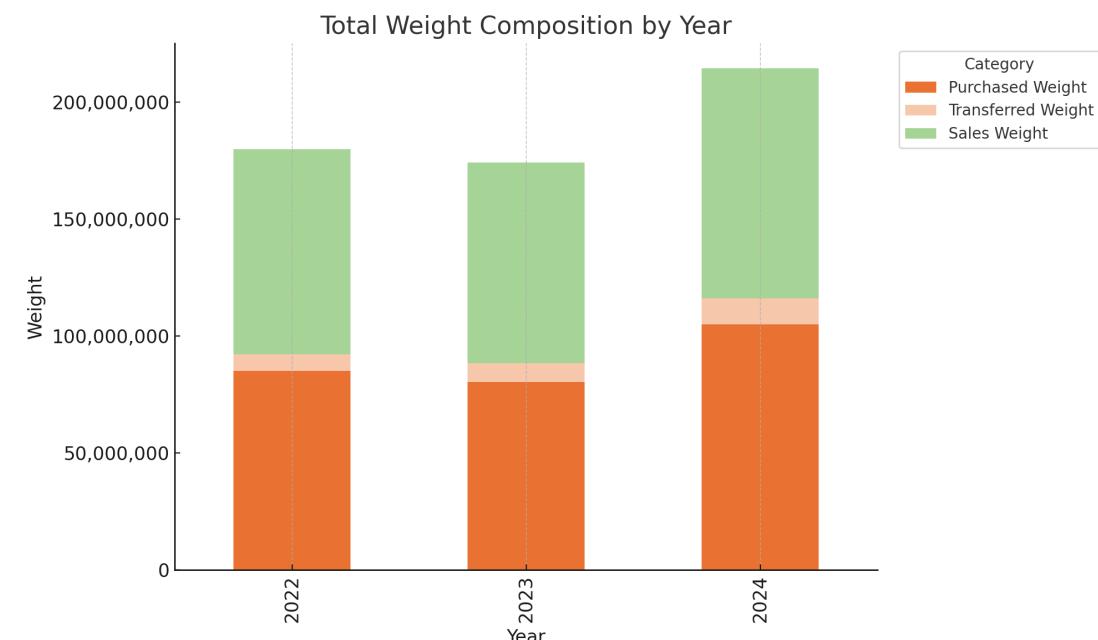
All other product types not directly tied to either category.

LOGISTICS MANAGEMENT

On the logistics front, we **shipped over 98 million pounds** of outbound product in 2024, with approximately 55% delivered using our own truck fleet—enhancing emissions control through optimized routing and load consolidation.

Internally, we **transferred over 11 million pounds** of product between our branch locations, with two-thirds transported by our own fleet. This approach continues to improve visibility and reduce unnecessary emissions.

Inbound product totaled over 104 million pounds in 2024, sourced from suppliers and vendors across our domestic and international supply chain. This integrated logistics strategy supports our ongoing commitment to efficient and sustainable operations.



Scope 3 Emissions

Organizational value chain.

COPPER STATE'S 2024 SUPPLY CHAIN

Copper State's supply chain suppliers displayed a solid foundation of sustainability practices, paired with opportunities for deeper collaboration and innovation. Emission transparency remains a challenge, with only a few suppliers tracking and reporting emissions data, though many are aligning with emerging sustainability standards. Renewable energy adoption is gaining traction, with various suppliers integrating solar, or other renewables into operations. Social responsibility is a universal strength, with adherence to policies on anti-human trafficking, anti-forced labor, anti-harassment, and workplace safety. These findings affirm a shared commitment to ethical and environmental progress, setting the stage for impactful partnerships in 2025 and beyond.

2024 SUPPLY CHAIN SUSTAINABLE PROGRESS

Half of surveyed suppliers incorporate recycled content into raw materials.

Half of surveyed suppliers maintain documented sustainability programs.

Nearly a one-third of surveyed suppliers hold sustainability certifications.

Almost three-quarters of surveyed suppliers express sustainability collaboration efforts.





Corporate Disclosures

GHG PROTOCOL

We have laid the groundwork for a robust emissions accounting framework by committing to fully adopt the Greenhouse Gas (GHG) Protocol standards for future reporting under the operational control approach. This will ensure transparency and precision in our sustainability journey.

Moving forward, we will comprehensively track Scope 1 emissions from direct sources like on-site fuel use in our production facilities and Scope 2 emissions from purchased electricity. We will additionally provide perspective on Scope 3 emissions across our value chain, including raw material sourcing, product distribution, and customer industry support. Copper State aims to identify high-impact reduction opportunities, set science-based targets, and position ourselves for continued industry and community leadership towards sustainability.

GHG EMISSION ACCOUNTING

2024 (MT CO ₂ e)	
SCOPE 1 - TRANSPORTATION	1,538.04
SCOPE 1 - COMBUSTIBLE FUELS	1,071.20
SCOPE 1 - TOTAL	2,609.24
SCOPE 2 - LOCATION BASED	2,813.51
SCOPE 2 - MARKET BASED	2,568.18



Advancing Sustainability

In 2024, Copper State took meaningful steps to strengthen our sustainability efforts by pursuing industry-leading and ambitious environmental goals, such as those set by the Science Based Targets initiative (SBTi). These efforts highlight our dedication to fostering a sustainable future, balancing ecological responsibility with business growth, and contributing positively to the global community and environment.