



January 2024

Disaster Preparedness, Business Continuity, and Community Support

This plan is outlined with the intent of addressing Copper State's preparedness for various disasters or interruptions of our business, providing confidence in our own business continuity and addressing our ability to support local communities.

Overview

Copper State is a distributor and manufacturer, supporting customers locally, regionally, nationally, and internationally. This support includes an integrated branch operations network of 30+ locations in 11 states, strong relationships with our supply chain partners both domestic and foreign, internal domestic manufacturing and heat treating capacity in Phoenix, AZ, and shipment and delivery options to all of our customers.

We are a local business in every market where we operate. As a private, second-generation, family-owned, and women-owned business, Copper State values the communities we serve and our connection to the municipalities within. We are well positioned to support the Federal, State, County, City, and Local/Town entities in each of the markets where we have a presence in the event of natural disaster or pandemic.

The nature of a disaster, business interruption, or other significant event may vary widely, potentially affecting only one of Copper State's locations, several of Copper State's locations, or alternatively impacting an entire community. As noted below, our plan outlines various response solutions across Copper State that serve to continue our business operations, ensure ongoing support to our customers, and potentially provide support to other organizations or communities.

Natural Disaster, Shutdown, or Accident that would impact one or more of Copper State's locations

Should a natural disaster affect one or several Copper State locations, even our largest of locations, other branches in nearby geographies could support operations and customer shipments on short notice. Inventory on-hand is a fundamental and founding principle throughout Copper State, such that there are about 4,000 items which we stock in every single branch, about 6,000 items which we stock across 6-12 branches regionally throughout Copper State, and customer specific items which are stocked in one or only a few branches. Inventory throughout all of Copper State is strategically balanced so that items that may traditionally be supplied to a customer by our Albuquerque branch, for example, could instead be supplied by our Denver branch in the event the Albuquerque branch was unable.

Supply Chain Resilience

As a distributor and manufacturer, our supply chain partners are integral and critical to our operations. We maintain deep and trusted relationships with our supply base, with 100-200 key supplier partners across a wide range of products. In addition to these partners, nearly 1,000 domestic suppliers represent opportunities for Copper State to source and purchase product, including standard items, customer specific items, and specially manufactured products. Our supply chain is further enhanced through overseas supply partnerships where dozens of factories in China, Korea, Taiwan, and Vietnam support Copper State with applicable products. For every item that we supply to customers, we have assigned primary suppliers for that item or group of items, while retaining secondary and often tertiary suppliers that can supply the same items should there be a concern of lead time, equipment availability, or factory disruption. In some cases, with medium and large diameter fasteners, our Manufacturing facility in Phoenix, AZ creates an additional layer of redundancy with capability to manufacture otherwise standard products in urgent situations. Our Supply Chain resiliency was proven during the Covid-19 pandemic, as Copper State met customer product and service expectations remarkably well during a period of time that was otherwise quite disruptive across the entire business community.

Arizona Distribution Center (AZD)

We operate a centralized internal distribution center in Phoenix, AZ that serves as a transfer hub for all of the Copper State branches. The stock supplied to the branches from AZD primarily includes product that is imported from overseas, product that is downpacked or kitted in AZD, or product that is more efficiently distributed internally than supplied by suppliers directly. The product supplied to branches by AZD is additionally stocked in all of the Copper State branches, with approximately 100 days of average inventory on-hand. In the event of a disruption that impacted the operations at AZD, the remainder of Copper State's branch operations would have sufficient inventory, at least for several weeks or months, to support customers with product while AZD operations were brought back online.

Internal Manufacturing & Heat Treating Facilities (MFG)

In Phoenix, AZ we operate a Manufacturing facility with an integrated Heat Treating operation. While we have redundant equipment in these facilities, supporting downtime of any single piece of equipment, we do not have redundant facilities in the event that either were impacted by a disruption such as above. In the situation that either facility were offline, Copper State would turn to our supply chain partners both domestic and foreign. During the time it takes to bring our internal facilities back online, we would outsource some or all of our production and processing activity to suppliers (even competitors if necessary) to ensure support to our customers.

Customer emergencies or shutdowns

Numerous examples exist of Copper State providing emergency shutdown or accident support to power plants, mining operations, boiler rooms, refineries, and other critical operations of our customers and communities. These examples include 24-hour support, rush manufacturing, hot-shot delivery, weekend, and even holiday support to those customers that depend upon us the most.

With cross-trained employees, empowered managers, and access to our operations 24/7, Copper State has demonstrated through our commitment of service and community that we do indeed help our customers when they are in need – regardless of that need.

Business Interruption, including Cyber Attack

Copper State's ERP systems, email and communication systems, payroll systems and others are all cloud-based, hosted in data centers with redundancy and backup. We store our backups in a separate cloud-environment than our primary data, and load balance our systems across data centers throughout the western U.S. Furthermore, Copper State has deployed best-practice cybersecurity solutions across all our systems, including multi-factor authentication, endpoint virus protection, email link/attachment protection, DNS filters and management, and server management tools to both prevent and automatically shutdown potentially compromised endpoints & systems. While we never assume that our systems are immune to cyberattack, the measures we have taken have proven equal to the task of preventing the many attempted intrusions we have faced in the past. We continue to educate ourselves about latest threats, prevention measures, tools and methods to maintain readiness for the next attack.

Community Support

Should a natural disaster occur, we are prepared and honored to help our community in any manner we can. Please see below what Copper State Bolt & Nut Co. could provide during the following natural disaster categories.

General Disaster Support

In the event of various types of disasters, we recognize that there are often immediate cleanup activities that are necessary. For virtually all types of disasters described below, Copper State could provide personal protective equipment (PPE) which includes such items as safety vests, gloves, glasses, hard hats or helmets, ear plugs, respirators, and/or face masks.

Earthquake

If a major earthquake occurs and there is structural damage to repair, in addition to the PPE above Copper State could potentially provide basic tool kits, temporary anchoring products, power tools (limited quantities), bits and blades, basic first aid kits, ladders (limited quantities), and applicable power tool accessories.

Hazardous Waste Spill

If a major Hazardous Waste Spill occurs, in addition to the PPE above Copper State couple potentially provide Caution and Danger Tape, spray paint, and respirators.

Hurricane

If a major Hurricane occurs and there is structural damage to repair, in addition to the PPE above Copper State could potentially provide basic tool kits, temporary anchoring products, power tools (limited quantities), bits and blades, basic first aid kits, ladders (limited quantities), and applicable power tool accessories.

Flooding/Tsunami

If a major Flood/Tsunami occurs Copper State couple possibly provide oil absorbing solvents. If there is structural damage to repair, in addition to the PPE above Copper State could potentially provide basic tool kits, temporary anchoring products, power tools (limited quantities), bits and blades, basic first aid kits, ladders (limited quantities), and applicable power tool accessories.

Tornado

If a major Tornado occurs and there is structural damage to repair, in addition to the PPE above Copper State could potentially provide basic tool kits, temporary anchoring products, power tools (limited quantities), bits and blades, basic first aid kits, ladders (limited quantities), and applicable power tool accessories.

Human Diseases

If a major Human Disease occurs, (like we experienced with Covid-19), Copper State can supply PPE items such as masks, face-shields, safety gloves, glasses and other needed PPE items.

Chemical Spills

If a major Chemical Spill occurs, in addition to the PPE above Copper State could potentially provide Caution and Danger Tape, spray paint, and respirators.

Terrorist Attack

If a major Terrorist Attack occurs and there is structural damage to repair, in addition to the PPE above Copper State could potentially provide basic tool kits, temporary anchoring products, power tools (limited quantities), bits and blades, basic first aid kits, ladders (limited quantities), and applicable power tool accessories.

Volcano

If a major Volcano eruption occurs and there is structural damage to repair, in addition to the PPE above Copper State could potentially provide basic tool kits, temporary anchoring products, power tools (limited quantities), bits and blades, basic first aid kits, ladders (limited quantities), and applicable power tool accessories.

Blizzards/Snowstorms

If a major Snowstorm occurs Copper State couple possibly provide snow melt products and snow shovels. If there is structural damage to repair, in addition to the PPE above Copper State could potentially provide basic tool kits, temporary anchoring products, power tools (limited quantities), bits and blades, basic first aid kits, ladders (limited quantities), and applicable power tool accessories.

Mudslides

If a major Mudslide occurs and there is structural damage to repair, in addition to the PPE above Copper State could potentially provide basic tool kits, temporary anchoring products, power tools (limited quantities), bits and blades, basic first aid kits, ladders (limited quantities), and applicable power tool accessories.