



**Better world.  
Better tomorrow.**

# A LETTER FROM OUR CEO.

Dear MSC Stakeholders,

As we conclude a successful Fiscal Year 2023 and look ahead to Fiscal Year 2024, our purpose continues to drive us. Our brand promise – **Built To Make You Better** – is to help North American manufacturers and industrial businesses be the best that they can be. It also means that we take care of our environment, our people, and the communities around us. Serving others is part of our DNA, and this continues to propel us forward. I am happy to share that we continue to make progress on our Environmental, Social, and Governance (ESG) initiatives.



## Here are some highlights from this past year:

- > Partnered with our Total Waste Management provider to increase our recycling and landfill diversion efforts.
- > Strengthened our commitment to DEI with expansion of our Inclusion Circles.
- > Scored a 90 on the 2023 Best Places to Work Disability Equality Index, a testament to the importance of DEI to our organization.
- > Eliminated high-voting Class B shares, which exemplifies our commitment to corporate governance best practices.
- > Completed an enterprise-wide level review of our greenhouse gas (GHG) emissions, laying the groundwork for an overall emissions reduction strategy.
- > Established a Supplier Diversity and Sustainability function focused on helping our customers procure sustainable products from a diverse set of suppliers to help customers meet their own sustainability goals.

We hope this report provides meaningful insight into our approach to ESG and how we manage our business and run our operations, as well as our sustained effort to always do the right thing for our stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read 'Erik Gershwind'.

**Erik Gershwind**  
President & Chief Executive Officer

**Better world.  
Better tomorrow.**

# BETTER STARTS HERE.

“We are proud of the impact we made and all that we accomplished in FY23, and we have a strong desire to do more. Through times of immense change, both internally and externally, we remain true to our values and committed to our mission.

We launched significant initiatives this year, including a waste reduction program for our Customer Fulfillment Centers, as well as our Climate Task Force. Additionally, through events like the ESG Town Hall and a refreshed communications strategy, we successfully expanded our circle. I am thankful for the time, support and meaningful efforts given by our team this year, and I remain excited about what they’ll accomplish in the future.”

**Neal Dongre**

VP, General Counsel & Corporate Secretary



‘Built to Make You Better’ is our brand promise that drives our business and commitment to all our stakeholders. We push for excellence in everything we do and hold ourselves accountable to our associates, customers, investors, suppliers and the communities where we operate.

Built to Make You







# ABOUT MSC

At MSC, we provide more than just products and services; we live by our brand promise: **Built to Make You Better.** We connect hardworking industry leaders with products and services to improve their operations.

### Our Goal

As a \$4 billion company with more than 7,000 associates and 3,000 plus suppliers, our goal is to drive results for businesses both big and small—from keeping operations running efficiently today to continuously rethinking, retooling and optimizing for a more productive tomorrow.

### Our History

Founded by Sid Jacobson in 1941, our company continues to build on a rich history of commitment to our customers, our shareholders, our associates and the communities in which we live and work.



### At a Glance

-  **>80** Years Serving Our Customers
-  **>7K** Associates
-  **2.4M** Products Offered
-  **500K** Products Delivered Next Day
-  **3K** Suppliers Supporting Customers
-  **5** Countries Worldwide

# ESG HIGHLIGHTS

## Diversity, Equity & Inclusion



CEO **ACTION** FOR  
DIVERSITY & INCLUSION

## Sustainable Solutions

**\$1M+** Customer Safety Savings  
**292** Safety Needs Analyses  
**20K+** Environmentally Preferable Products

## Waste and Recycling

**~4K** Tons Corrugated Cardboard Recycled (FY21 - FY23)  
**81.4%** Reduction in E-Waste Since 2021

## ESG Performance



## Awards and Recognition

**2023** Campus Forward **AWARDS**  
WINNER  
Recognized for Excellence in Early Career Hiring

**MSCI**  **BB**  
As of 2023, MSC Industrial Supply Co. received an MSCI ESG Rating of BB

 **SUSTAINALYTICS** **17.1**

**S&P Global** **27**

 **TOP WORK PLACES 2023**  
**LONG ISLAND PRESS**  
*Dan's Papers*  
**The Charlotte Observer**  
charlotteobserver.com

ESG is more than a trend at MSC. Our values, grounded in our 80-year history, have always demonstrated our commitment to Doing The Right Thing.

ESG at

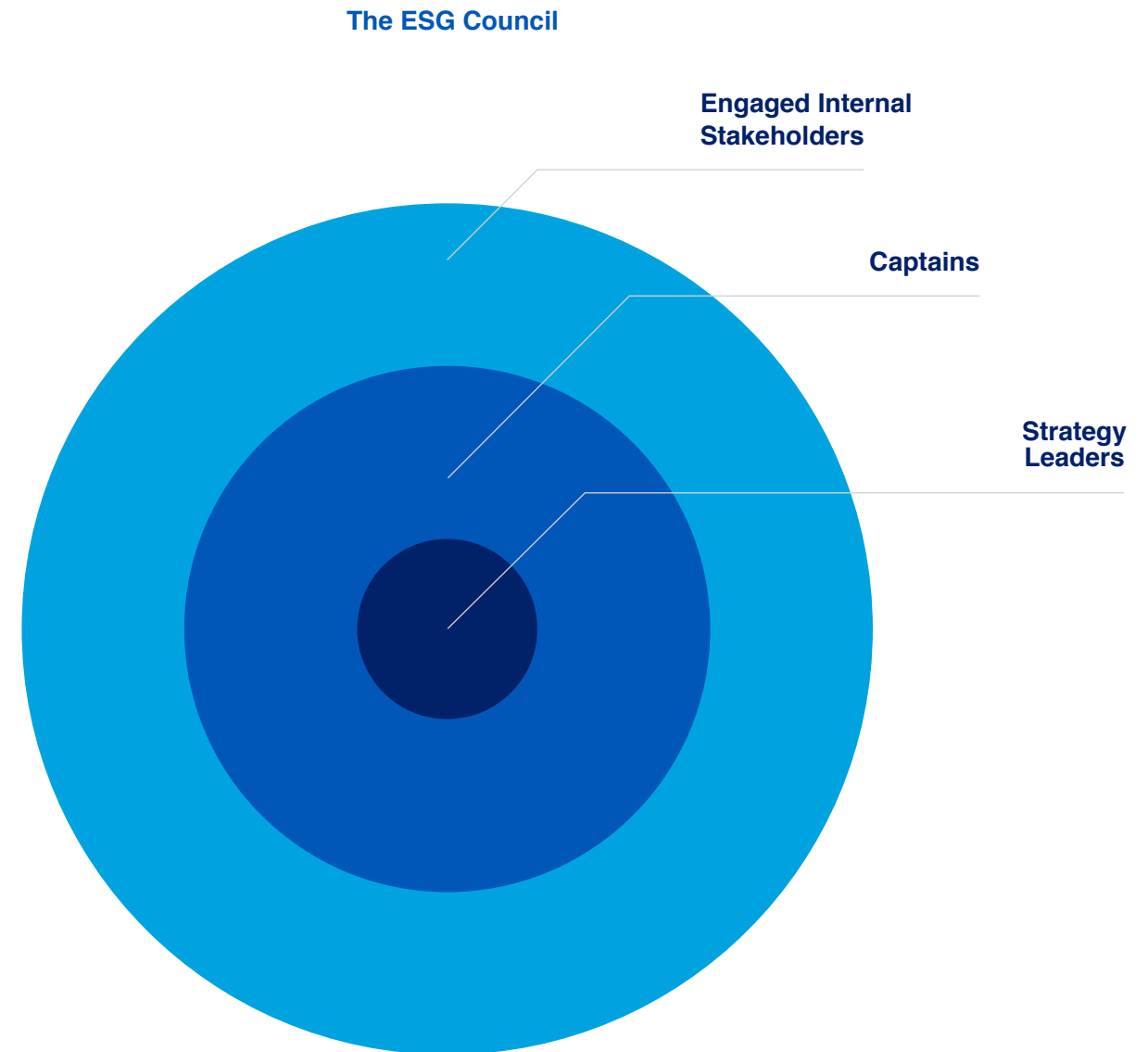


# MSC ESG PROGRAM STRUCTURE

Our ESG program is led by our ESG Council, a cross-functional team of subject matter experts and leaders committed to advancing our ESG impact.

In October 2021, MSC established its ESG Council, led by Steering Sponsors Kristen Actis-Grande, Executive Vice President & Chief Financial Officer and Neal Dongre, Vice President, General Counsel & Corporate Secretary. Deliberately cross-functional to avoid silos and ensure enterprise-wide collaboration and alignment, the council is composed of six captains with functional expertise and influence within the organization. They are responsible for leading ESG initiatives in their respective domains, overseeing project teams and collaborating with experts and executives as needed.

The MSC Board of Directors, Nominating and Corporate Governance Committee, and Executive leadership team provide ongoing oversight to the ESG Council.





# ESG LEADERSHIP

While the foundation of our ESG program was laid over many decades of “Doing the Right Thing,” in 2021 ESG became an essential component of MSC’s corporate strategy. Our ESG Council was formed as the keystone to our program, providing much needed centralized structure which enables us to better oversee initiatives and execute our ESG roadmap.



“Environmental stewardship is a culmination of passion, patience and perseverance. Taking aim at some of the world’s toughest challenges—waste and climate—really demonstrates MSC’s value in doing the right thing.”

**Andrea Brannon**  
Manager, Environmental Compliance & Sustainability



“At MSC, Safety is at the core of how we operate, whether we are in our CFCs, our offices or out on the shop floor. It’s part of what we do and how we do it and that brings true value to our Customers.”

**Shaun Davidson**  
Manager Global Safety



“Suppliers are critical partners in helping MSC to meet our customers’ needs. Fostering a responsible and inclusive supplier community is foundational to maintaining a resilient, responsive and sustainable supply chain now, and for the future.”

**Bonnie Randell**  
Sr. Manager, Supplier Business Development



“This work is not an act of one but of many and there is no finish line.”

**JaCynthia Little**  
Director of Diversity, Equity & Inclusion



“Doing the Right Thing is at the core of how we do business at MSC. Governance is about people, policies and procedures, making sure that we have the right controls in place to ensure our brand maintains value and integrity.”

**Brian Brockman**  
Manager, Counsel & Contract Negotiation



“Our KPIs serve as lighthouses guiding us along our ESG journey, as we continuously build upon not only our commitment to our people, our patrons, and our partners....but ultimately our communities, our environment and all subsequent generations.”

**Shawn Cooper**  
Sr. Analyst, Competitive Intelligence

# OUR ESG PILLARS

In the fall of 2021 we developed four pillars underlying our approach to ESG.



## Waste Reduction

- > Invest in solutions to reduce waste in customers' manufacturing and procurement processes
- > Define metrics to track our success
- > Set internal goals, reporting on energy savings and waste reduction



## Climate Change

- > Increase reporting and disclosure
- > Identify and plan for climate-based risks



## Ethical Supply Chain Stewardship

- > Enable increased supplier diversity
- > Support ethical procurement and human rights within the supply chain
- > Support supply chain sustainability



## People & Communities

- > Demonstrate commitment to diversity, inclusion and equal opportunity
- > Invest in MSC's commitment to training and education
- > Increase commitment to Health & Safety

# ASSOCIATES

We believe a culture focused on sustainability and ESG will aid in our program's success.

In 2023, MSC engaged our associates in our sustainability strategy by hosting a Town Hall, Q&A and a global strategy workshop to generate innovative ideas to move MSC forward in all dimensions of our ESG journey. In our Atlanta Customer Fulfillment Center, our first-ever GREEN team was established to ensure education and engagement surrounding waste reduction and other ESG topics.



MSC offers support for our customers and their sustainability needs through products and a host of services designed to improve efficiencies and reduce waste. We connect our customers to our sustainable offerings, from our selection of over 20,000 Environmentally Preferable Products to our safety and metalworking technologies.

SUSTAINABLE





# SAFETY SOLUTIONS

Our portfolio of 37 Safety Services are tailored to fit our customers’ needs, including safety audits & assessments, compliance training, benefits management platforms and procedure development programs. From straightforward updates to PPE to assessing an entire safety culture, our team is ready to provide training and valuable insights.

American Society of Safety Professionals (ASSP)  
Protect What Matters Most – PEOPLE

MSC has been a committed partner to the ASSP for over 10 years and, in 2023, was honored to participate in its largest annual safety conference and workshop in the US alongside the industry’s brightest stars, latest advancements and best solutions. Over the course of the event, MSC held live safety services, trainings and demonstrations, solidifying itself as a trusted advisor and vested partner within the safety landscape.

The ISC team conducted more than 292 Safety Needs Analyses in FY23— a 80% growth from the 160 performed in FY22—resulting in a total customer cost savings of over 1M dollars.

At a Glance



*\*Data representations are from MSC’s Fiscal Year 2023*



“MSC is so much more than a distributor, especially when it comes to safety; we’re a partner. Our Safety Experts work to create and implement effective safety programs to ensure your employees go home to their families safe and healthy.”

**Dina Crisco-Munch**  
Senior Manager, Safety Strategy



Safe and Sustainable Solutions

MSC is committed to supporting our customers through safety solutions, green products and access to resources that enable safe and sustainable goals.

[Metalworking](#) | [Safety](#)

# EPP PROGRAM

MSC offers over 20,000 products that carry environmentally preferred certifications or contain environmentally preferable attributes. Beyond third party certifications, MSC works with suppliers to identify other products that reduce water and energy consumption, utilize pre- or post-consumer recycled content, contain biodegradable properties and exhibit other preferable characteristics.

MSC's extensive inventory of green products helps customers achieve their requirements for Environmentally Preferable Products (EPP) purchasing standards through an easy-to-use website, which provides dropdown menus and filters to search eco-friendly product categories and products.

As EPP demand grows, MSC will continue to work with suppliers to identify and market these products.

## Building a Greener Workplace

Go green with innovative solutions from MSC. By equipping your personnel and facility with eco-friendly technology, you'll be making a positive impact on the environment while in many cases reducing costs at the same time.

Easily identify environmentally friendly products with green certified icons located on the product detail pages and search results.



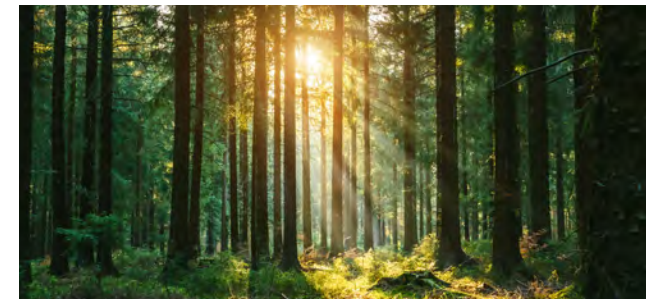
Supports compliance with EPA's Comprehensive Procurement Guidelines (CPG)



Promotes products intended to lessen potentially harmful environmental impacts



Enables customers to shop for the eco-friendly products they need quickly. [CLICK HERE](#) to search for specific products and certifications.



## Environment

MSC strives to have a positive impact on the environment and to manage our business in a sustainable manner.

[View More](#) | [Shop Products](#)

# SUSTAINABLE MANUFACTURING

## Energy Savings in Manufacturing Businesses

MSC contributes towards environmental sustainability through energy savings and waste avoidance within the durable goods manufacturing marketplace (automotive, general machining, fabrication, medical parts, etc.). MSC's team of Metalworking Specialists and supplier network partner to help customers leverage the latest manufacturing tools, technologies and strategies.

Energy savings from MSC's cycle times testing prove fast, stable tools are a quicker and more productive way to manufacture metal or metal-like products. When successful, this cycle time reduction is multiplied by the number of parts the end user needs, becoming the basis for kilowatts and/or kilowatt hours saved. Our metalworking specialists' work has resulted in more than **225,000 hours** of machine hours saved, equating to a savings of over **32,000,000 kilowatt hours**.

Our Metalworking Specialists also show our customers how to use fewer tools or products when they manufacture their parts, resulting in waste savings or avoidance. Through educated recommendations like operating at a more stable operating speed to better product suggestions, tool life is enhanced with less need for exchanges or resharpener.

In 2023, MSC helped customers reduce the consumption of items such as grinding wheels, metalworking fluids and cutting tools by over **500,000 product units**, resulting in a savings of **approximately 88 million cubic inches of waste, or the equivalent of 150 concrete mixer trucks**.







Innovation and Technology in

# DURABLE GOODS MANUFACTURING

MSC has invested in commercializing innovations like vibration technology and advanced data monitoring, the Internet of Things (IoT) and other industry 4.0 aspects that support the goals and objectives of our manufacturing customers and improve their processes. Relying on the science of machining dynamics to identify ideal, stable and optimal cutting speeds for our customers, MSC MillMax® eliminates the lengthy “trial and error” process that commonly occurs when determining stable operating conditions, drives efficiencies and improves operating parameters in our customers’ production cycles.

MSC MillMax® Has Driven  
the Following Outcomes

Average cycle  
time reduction of  
approximately

**50%**

Average Material  
Removal Rate (MRR)  
of approximately

**300%**

**~\$20M**

of documented profit  
improvement for  
our customers



# MSC REGRIND SERVICES

MSC grinding solutions help customers with metalworking tooling to reuse existing tools multiple times before the end of their useful life. MSC has expanded our expertise in regrinding, through our acquisition of Tru-Edge Grinding Solutions and its process to provide high-quality, precision resharpener that may allow tools to be resharpened 6-10 times. MSC also offers recycling options for metalworking tooling.

## At a Glance

**>500K**

Tools Reground  
Annually

**750**

Facilities Supported  
Nationwide



'Better World. Better Tomorrow'  
reaffirms MSC's commitment to  
reducing environmental impacts  
from our business operations and  
focuses our efforts to be better  
stewards of the environment.





# ENVIRONMENT



**1,455 TONS**

Total FY23 amount of corrugate packaging recycled at MSC CFCs

**80%**

NEW Recycling target across all major distribution centers

**>20K LBS**

Carbide recycled since 2021 through our regrind services

**32M**

kWh reduced through sustainable metalworking solutions

**100%**

Enterprise-Level Data Collection of Scope 1 & 2 GHG

**>20K**

Environmentally Preferable Products (EPP) offered from the MSC catalog



# MANAGEMENT AND VALUES

## Environmental Management

Even though the world, its communities and the ecological environment have changed tremendously since MSC's founding, our commitments have not, and we stand proud to be rooted in our values to Do the Right Thing.

Since 2018, MSC has published annual CSR/ESG reports. This past year, we began laying the foundation of our environmental pillar, focusing on climate action and waste reduction where we are taking effective actions that will drive change in these areas.

## On the Horizon

In 2023, MSC began developing an ISO 14001 certified Environmental Management System (EMS) within its Columbus, Ohio Customer Fulfillment Center. This effort is an example of MSC's commitment to the environment and overall ESG strategy, which includes assessing environmental risks and opportunities and leveraging new technologies to manage them.

## Environmental &

## Sustainability Policy Statement

As stated in our Code of Business Conduct, environmental responsibility is an integral aspect of MSC's mission, and we are committed to incorporating both into our business operations and decisions. We strive to be a responsible corporate citizen to all our stakeholders, including our associates, customers, owners, suppliers and neighboring communities. Our awareness and concern for the environment align directly with our culture, core values and guiding principle of "Do the Right Thing."

Please refer to the appendix to review the MSC Environmental and Sustainability Policy Statement.



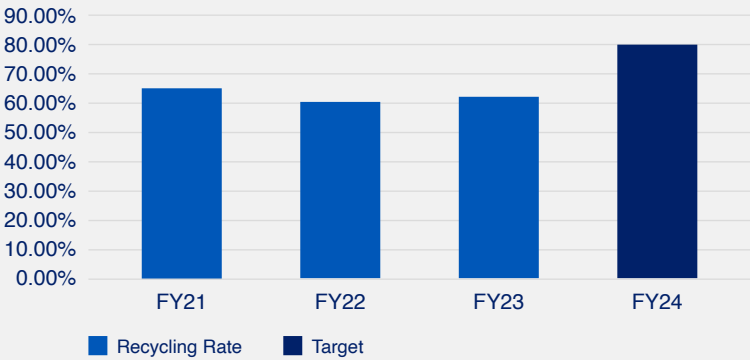
# HAZARDOUS AND NON-HAZARDOUS WASTE

As an industrial distributor, MSC does not generate hazardous waste as a result of on-site processes or activities handling products. Incidental hazardous waste is generated from inbound products that become damaged during shipping and handling or items that expire and are no longer sellable. Hazardous waste, including universal wastes, are managed to be in accordance with applicable state and federal regulatory requirements.

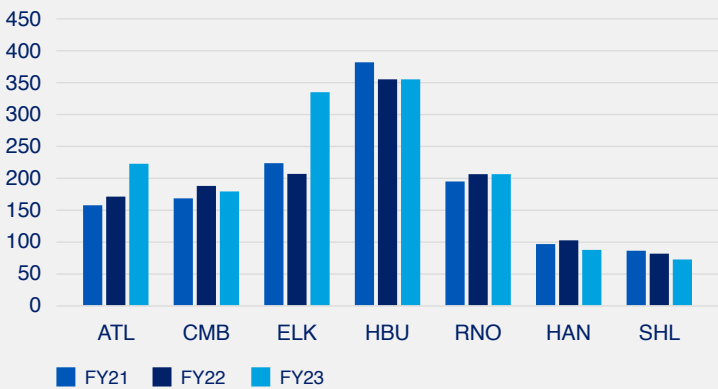
MSC has developed and implemented standard operating procedures, associate training programs, operational controls, LEAN events and donation programs to manage and reduce the generation of regulated wastes. These resources, with the help of our Resource Conservation and Recovery Act (RCRA)-trained EC&S department, maintain RCRA compliance at all locations.

To dispose of hazardous waste, MSC utilizes nationally recognized and reputable third-party Treatment, Storage and Disposal Facilities (TSDFs) to treat and properly dispose of hazardous waste and maintain all associated records in accordance with the regulations.

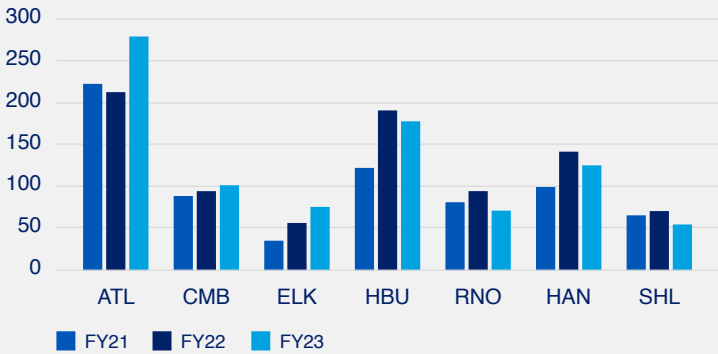
CFC Recycling Rates FY21-FY23



MSC CFC Corrugated Cardboard Recycling (Tons)



MSC CFC Waste to Landfill (Tons)



# RECYCLING

Reducing our waste footprint is a key component of our ESG program. Through new technologies and partnerships, MSC is making a positive impact as a trusted environmental steward by reducing, reusing and recycling certain commodities to alleviate unnecessary waste. During FY23, MSC also implemented a new single-stream recycling program, diverting even more waste from landfills.



## Partnership and Bright Beginnings

In 2022, MSC initiated a solid waste reduction project to quantify all solid waste streams at our seven Customer Fulfillment Centers (CFCs), assess recycling rates, and find ways to minimize and divert waste from landfill disposal. Partnering with NorthStar Recycling, waste audits were conducted, resulting in waste reduction roadmaps to identify opportunities to divert additional waste streams from landfill disposal.

Currently, all our CFCs recycle corrugated cardboard, pallet wood, scrap metal, ink and toner cartridges, and universal wastes. Excluding pallets and scrap metal recycled this year, our baseline recycling rates at these facilities range from about 30% to 80%, largely reflecting the significant volumes of corrugated cardboard—approximately 17 tons per CFC—MSC recycles.



# REDUCE, REUSE, RECYCLE

## A Story about Carbide

Tungsten carbide, also known as cemented carbide, is a globally rare, finite resource. With a hardness close to that of diamonds, it is an optimal material for metalworking tools used by our customers across a diverse array of industries. Efficient recovery and re-use of carbide is essential to its sustainable use, which is why MSC, as well as many of our key suppliers, have implemented carbide recycling programs at our grind shops. Partnering with qualified recycling service providers, we recover carbide from scrap and tools that can no longer be refurbished, including those we buy back from our customers. Since 2018, MSC has recycled an average of 10,000 lbs. of carbide annually.

# THE RIGHTCYCLE™ PROGRAM

Through our collaboration with Kimberly-Clark Professional, MSC is proud to offer the first manufacturer-led recycling program for non-hazardous PPE, flex-film packaging and wet cleaning wipes. The RightCycle™ Program takes used KleenGuard™ or Kimtech™ branded PPE and WypAll™ WetTask™ CriticalClean® wipes from a facility and turns them into new consumer goods such as lawn furniture, benches and shelving. We currently have 68 MSC customers participating in The RightCycle™ Program.

## How it Works...



Kimberly-Clark Professional products are worn in your facility.



Used products and packaging are collected and shipped to our recycling centers.



Used products and packaging are sorted and processed into plastic pellets.



Materials are molded into new plastic products and durable goods.

# E-WASTE RECYCLING

Since 2021, MSC recycled 76,000 lbs. of electronic waste, or e-waste, such as computers, printers, fax machines and phones. Over the last two years, thanks to new technologies, MSC has seen a 81.4% reduction in e-waste with only 14,105 lbs. of electronic equipment needing to be recycled in FY23.

MSC manages its vending solutions and programs through the lens of environmental responsibility as well as cost savings for ourselves and our customers. We recycle machine crates, reduce scrap through operational changes, remove reusable parts and peripherals from out-of-service machines and minimize shipping damage and waste with improved crating processes. In FY2023, MSC's vending refurbishment center has allowed for our continued sustainable use of refurbished vending units and PC units, 665 and 538 respectively. Additionally, we reused over

1,000 wooden crates and recycled 294,380 lbs. of metal from units that could not be refurbished.

Since 2018, MSC has recycled 364 lbs. of eligible batteries through Call2Recycle Battery Recycling. Call2Recycle is a voluntary battery take-back program which allows customers and associates the opportunity to recycle single-use and rechargeable batteries in a responsible manner. Since the program began, we have recycled 364 lbs. of recyclable batteries.





# WATER

We actively monitor water usage at our largest Customer Fulfillment Centers and corporate offices in North America. Our facilities are equipped with water-saving fixtures and features, including low-flush toilets, sensor-controlled sinks and timed landscape irrigation systems with zone-control capabilities.

MSC recognizes that many customers operate in areas with significant water stress and drought and offers water-efficient product solutions, such as low-flow plumbing fixtures, timers, meters and flow controls. Several of these products are EPA WaterSense Certified or qualify for Leadership in Energy and Environmental Design (LEED) green building points.

MSC's Total Water Consumption

from Our CFCs and CSCs

**6,695,368**  
**Gallons** FY22

Decrease from  
FY22 to FY23 ↓ **25%**

**5,317,450**  
**Gallons** FY23





# LIGHTING OUR FACILITIES EFFICIENTLY

MSC strives to improve its energy efficiency across our CFCs and offices through the use of LED lighting and motion sensors. In an ongoing project to replace obsolete incandescent and fluorescent bulbs, 99% of the lighted areas in our Customer Fulfillment Centers (CFCs) and Customer Service Centers (CSCs) now utilize efficient and durable LED lighting.

Motion-sensor technology has been installed to control more than 90% of the lighting at our Reno, Nevada, CFC and most fixtures at our Harrisburg, Pennsylvania CFC, to reduce the operating time and energy consumption while extending the lifespan of lightbulbs.

# CLIMATE

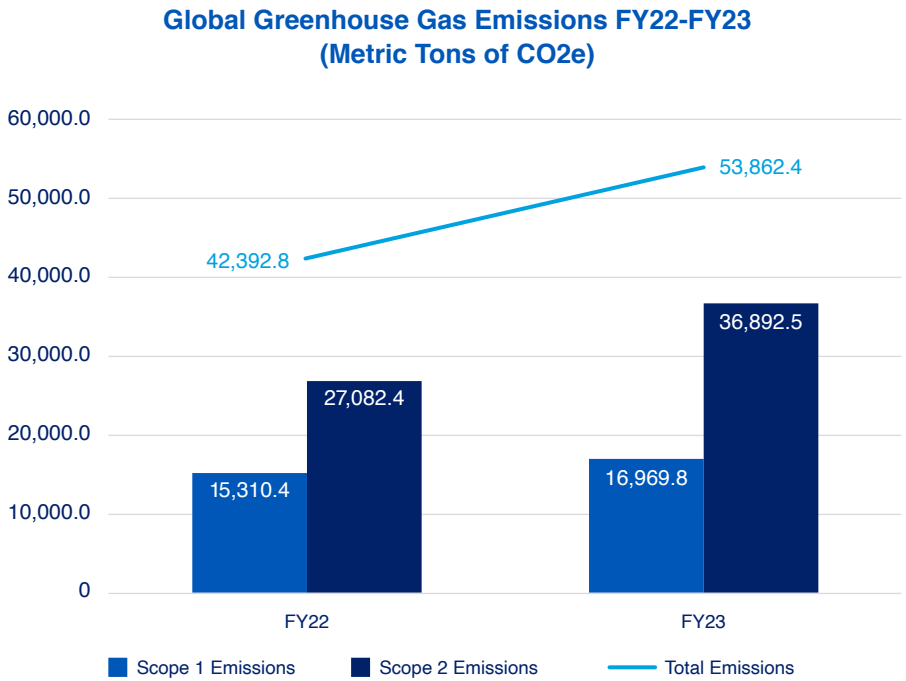
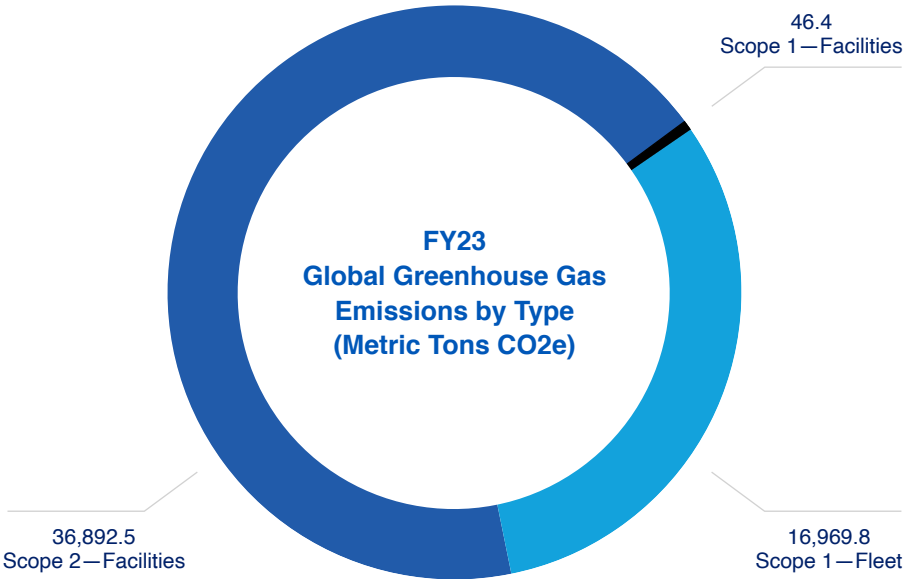
MSC recognizes the need to address climate issues responsibly and immediately to support the goals outlined in the Paris Climate Agreement, limiting global warming to well below 2°C from pre-industrial levels. Our vision to reduce our greenhouse gas (GHG) emissions relies heavily on best practices across our sector, where we have the greatest opportunity to make an impact.

In 2021, we evaluated and defined our Scope 1 and Scope 2 emissions sources, and in 2022, we started to develop a process for collecting and analyzing the greenhouse gas emissions from 23 North American facilities. This year, we are proud to have established a robust, enterprise-level approach to GHG data collection that included a review of 100% of our facilities worldwide, totaling 58 facilities in 5 countries with a total of 4.7M square feet. We recognize the impact of Scope 3 emissions from our operations and businesses and are currently reviewing them with our ESG council. We have partnered with a third-party organization for an over-the-shoulder review of our GHG emission inventory.

Our climate disclosures may be reviewed in our annual CDP report, which may provide further insight into our location-based approach.

**FY22 intensity**  
**0.00001146 MT Co2e per Revenue**

**FY23 intensity**  
**0.00001344 MT Co2e per Revenue**





'Better World. Better Tomorrow' reaffirms MSC's commitment to engage with and support our associates and communities we operate in. Investing in our local communities and providing a welcoming and inclusive environment is at the heart of what we do. We believe that our society and our business benefit greatly from advancing a diverse and respectful workplace.





# SOCIAL HIGHLIGHTS

## ISO 45001

1 Location Certified  
2 Locations in Process

## >\$13M

Total funds and products donated on behalf of MSC to charities and disaster relief efforts.

## New Supplier Code of Conduct

## New Supplier Diversity & Sustainability Function



Culture Badges  
certified by energage

**50** **WOMEN**  
**50** **ON BOARDS**

**2023**

**MSC was recognized in the top 25% of participating companies for three cultural attributes: supportive managers, open-mindedness and work-life balance.**

**According to the Top Workplaces survey, 92% of associates think MSC operates by strong values, and 90% of associates feel included at MSC.**

# ASSOCIATES

At MSC, we are all “associates” and we each have a stake in our success. Our goal is to attract, develop and retain a talented team of associates who are dedicated to our stakeholders. Our [Associate Value Proposition](#) outlines what our associates will achieve and receive individually when we succeed as a team.

With zero tolerance for discrimination or exclusion at any level, MSC is dedicated to selecting individuals based on their qualifications for a specific position and is committed to a policy of equal employment and inclusion.



## **Social**

MSC endeavors to have meaningful connections through community service, partnerships and programs focused on diversity, equity and inclusion.

[Get Connected](#)



# TOTAL REWARDS

MSC takes a total rewards approach to compensation, covering base salary, incentives (like bonus and equity awards), benefits and other perks. Extending beyond base pay, this package encompasses total cash compensation, company contributions like health, disability and retirement plans, as well as paid time off. Additionally, it offers our associates the opportunity to become a shareholder of MSC through the Associate Stock Purchase Plan, 401(k) and/or Equity Incentive Plan.

## Hinge Health

To support our associates' back and joint health with expert clinical care and advanced technology, we have partnered with the digital exercise therapy program Hinge Health. Eligible associates and dependents are provided with the tools to conquer back and joint pain, recover from injuries, prepare for surgery and stay healthy and pain-free.

## Maternity Leave Enhancement

To better support our associates' growing families, we have improved our maternity leave benefits to prevent unintentional financial disadvantages. While our previous Short-Term Disability (STD) only covered up to 67% of regular compensation, MSC now pays for the difference not covered. Additionally, we have eliminated the seven-calendar day waiting period, to ensure there's no pay gap during this time.



**"Taking care of our associates is at the very core of our culture."**

**Beth Bledsoe**  
SVP & Chief People Officer



**43**

Total Courses Attended  
by Associates in 2023

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**>70K**

Total Course  
Registrations

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**100%**

Compliance Coursework  
Requirements Met

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# LEARNING & DEVELOPMENT





### Internship Program

Students currently enrolled in an accredited university have the opportunity to apply for our best-in-class summer internship experience, which gives them access to senior leadership, business-critical projects, team-building activities and a capstone project. Growing year over year, the 2023 program had 28 diverse interns that included people of color (46%), females (32%) and veterans (7%). After completing their degrees, 36% of the interns were converted to full-time positions.

### Rotational Program

MSC's 2.5-year rotational program is designed for recent graduates looking to explore career opportunities through rewarding and challenging work. Rotating through three teams, this unique experience is customized to each participant's interests and provides an opportunity to work directly with executives.

### College Tuition and Certification

#### Reimbursement Program

MSC offers a competitive Tuition Reimbursement Program to support the growth and development of eligible associates who are working toward an undergraduate degree, graduate degree, or completing a certificate program. In February 2021, MSC engaged in a partnership with the accredited online University of Arizona Global Campus (UAGC) to offer full tuition grants when combined with the tuition assistance program. This program resulted in a doubling of associate participation in FY21. Currently, there are 39 MSC associates actively enrolled and 41 who have graduated from the UAGC program.



**"I was excited about the opportunity to continue my education and even more excited to learn that MSC has a partnership in place that ultimately covers the cost and removed any financial burdens of continuing my education."**

**Valensa Cross**  
Customer Care Representative



## LinkedIn Learning

MSC University directly supports our company's Talent Management Strategy with 18 general course offerings, LinkedIn Learning, mentoring and tuition reimbursement. The average training hours completed by MSC associates in fiscal year 2023 increased nearly 18% year over year to over 20 hours per individual.

## mscuniversity

### Learning Today – Leading Tomorrow

MSC University offers a diverse range of learning solutions both to promote the MSC culture and enhance our associates' competencies and leadership skills. Our programs include career, functional and organizational development, as well as onboarding and HR support. Additionally, the CFC Leadership Development Program prepares associates for leadership roles in the Customer Fulfillment Centers.

- ✓ Onboarding Support
- ✓ Organizational Development
- ✓ Career Development
- ✓ HR Support
- ✓ Functional Development

# WOMEN IN LEADERSHIP

The MSC Women in Leadership program develops skills for our associates who identify as female, setting them up to grow and succeed. In this program, associates learn different approaches for effectively handling common obstacles, how to strengthen their emotional intelligence and build self-awareness through tools and personal coaching sessions.

<div>Key Program Takeaways</div> <div><div>&gt; Gain skills and resilience to understand and address barriers that women experience in work and society.</div><div>&gt; Elevate leadership presence through improved decision-making skills, confidence and emotional intelligence.</div><div>&gt; Develop a personalized, goal-driven leadership plan.</div><div>&gt; Join a diverse network of women leaders.</div></div>			<div>40</div> <div>Participants Since the Program's Inception in 2020</div>	<div>16</div> <div>Participants in the 2023 Cohort</div>
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ISA recognizes **KIM SHACKLETT** WITH **2023 WOMEN’S INFLUENCE AWARD**



The Industrial Supply Association (ISA) recognized Kim Shacklett, Senior Vice President of Sales and Customer Success, with its 2023 Women’s Influence Award for her impact and commitment to advancing the development and influence of women in the industrial supply channel.

“Kim has a great ability to recognize talent and encourage it. She mentors female leaders, challenging them to follow her example and take risks, accept assignments outside their comfort zone and grow into roles that they would not have imagined... She humbly shares her own personal experiences and challenges to build the confidence of other women while effectively sponsoring and advocating for them.”

Erik Gershwind  
President & Chief Executive Officer





**3,000**  
Associates Have  
Completed the Program

**>80%**  
of People Leaders Have  
Completed the Program

**“Ally  
is a  
verb”**

# ALLYSHIP AT WORK

In 2023, associates at all levels of MSC have enrolled in our DEI program Allyship at Work to empower them to show up as allies at the workplace. Allyship at Work educates associates on the importance of allyship and how to practice it at work through specific ways to take meaningful action.

# DIVERSITY, EQUITY AND INCLUSION

MSC recognizes the dignity and value of every person and is committed to diversity and inclusion. Aligned with our mission to be the best industrial distributor in the world, we promote a respectful workplace for our diverse workforce that encourages collaboration, innovation and genuine leadership.

MSC is an equal-opportunity employer and federal contractor. MSC prohibits discrimination against individuals based on their status as veterans or individuals with disabilities. Additionally, MSC prohibits discrimination against individuals based on race, ethnicity, color, religion, sexual orientation, gender or gender identity, or national origin. MSC is committed to its Equal Employment Opportunity Policy and ensures compliance with this policy through our Affirmative Action Program. MSC is a Harassment-Free workplace firmly committed to compliance with the Americans with Disabilities Act. To view these policies in full, please review our policies page [HERE](#).



“As inclusive leaders, we should strive to improve and become better when it comes to embracing diversity, equity and inclusion.

We can do this by understanding our DEI metrics, engaging the support of leaders and identifying the goals to achieve our desired outcome.

We must continue to check the progress along the way for a long-term culture and community of belonging for a sustainable future.”

**JaCynthia Little**  
Director of Diversity, Equity & Inclusion

We foster mutual respect among all associates of different cultures, ethnicities, religions, sexual orientations, ages, national origins, socio-economic backgrounds and abilities while valuing them for their talents, experience and perspectives.



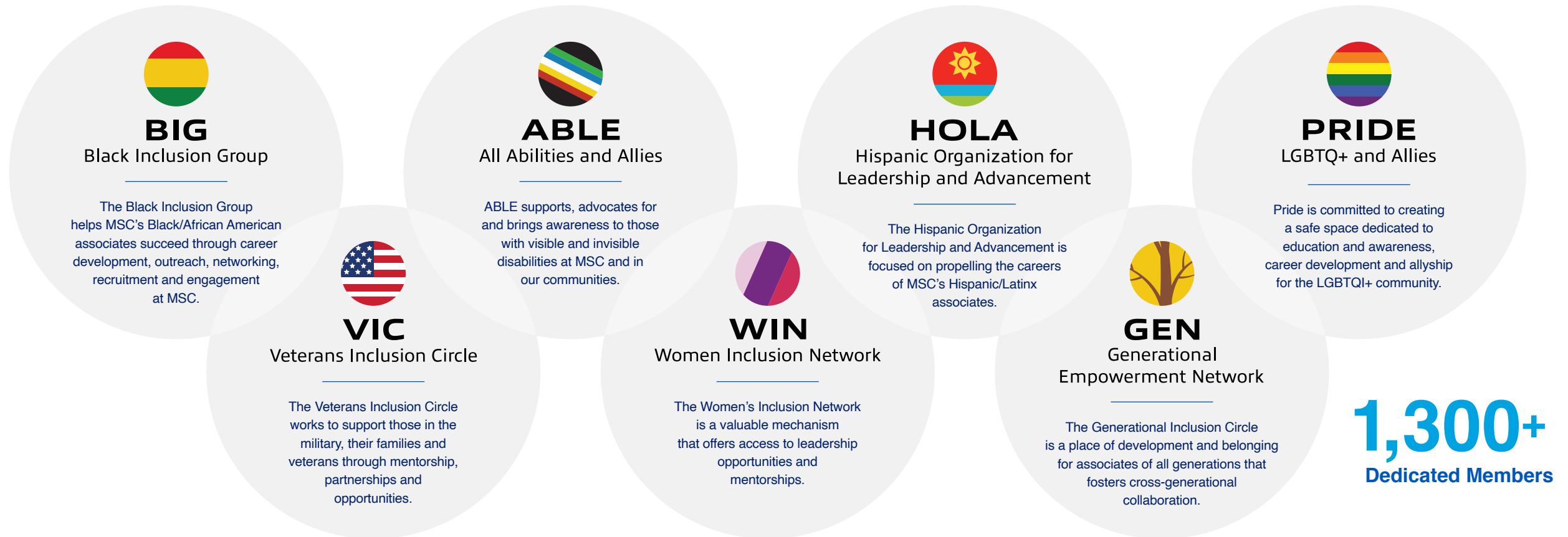
LONG ISLAND PRESS  
*Dan's Papers*  
The Charlotte Observer  
charlotteobserver.com

**2023** | Campus Forward  
**AWARDS**  
WINNER  
Recognized for Excellence in Early Career Hiring

CEO **ACT!ON** FOR  
DIVERSITY & INCLUSION

**DEI** BEST PLACE TO WORK FOR  
DISABILITY INCLUSION 2023  
90 DISABILITY EQUALITY INDEX

# 7 INCLUSION CIRCLES



## Our Mission

MSC's Inclusion Circles advance a respectful and caring community of associates through a welcoming and inclusive environment. MSC's seven Inclusion Circles are an opportunity for associates with common interests and goals to network and mentor one another.

## Our Impact

Each Inclusion Circle measures success through 4 main areas known as the 4Cs — career, culture, community and commerce.

- > **Culture**—fostering belonging, awareness and education
- > **Career**—furthering the careers of members
- > **Community**—investing in the communities we live and work in
- > **Commerce**—supporting the company's goals and initiatives



# MILITARY PARTNERSHIPS & PROGRAMS



**Military Spouse Employment Partnership** is a partner that provides career opportunities for military spouses.



**Employer Support of the Guard and Reserve** assists us in showing our commitment to all branches of the military and our dedication to supporting associates in the Guard and Reserve.



**American Corporate Partners** works with MSC to provide mentorship to veterans as they transition into the civilian workforce.



**Hiring Our Heroes** is a program sponsored by the Dept. of Defense that creates a talent pipeline for active service members and allows MSC to hire military members as they transition into the workforce.

# FOSTERING AN INCLUSIVE ENVIRONMENT

## Diversity Day

On an annual basis, MSC hosts a half-day event known as Diversity Day. Ranging in themes from Courageous Inclusion to Debunking Myths, these events provide a space for hundreds of associates to come together to hear from dynamic guest speakers, our Inclusion Circles, subject matter experts and more, all with the goal of further growth in their personal DEI journey.

## Unity Discussions

MSC is committed to creating safe spaces for learning and belonging through candid conversations known as Unity Discussions. These quarterly discussions are designed to connect associates with their team and leaders and learn about one another all through the lenses of different dimensions of diversity such as age, veteran status, race, gender, heritage, disabilities and more. We believe these conversations are fostering an environment where our associates have a safe space to listen, learn, be curious and be confident about bringing their whole authentic selves to work. More than 3,000 MSC associates have already taken the opportunity to engage in these impactful conversations, with a typical participation rate of 85%.



# DIVERSITY AND WORKFORCE STATISTICS

## Workforce Transparency

As of August 1, 2023, MSC had approximately 7,300 associates worldwide, of whom approximately 7,100 were full-time and 250 were part-time or temporary. Approximately 94% of these associates resided in the United States, 2.4% in Canada, and 3.4% in the UK.

~7,300

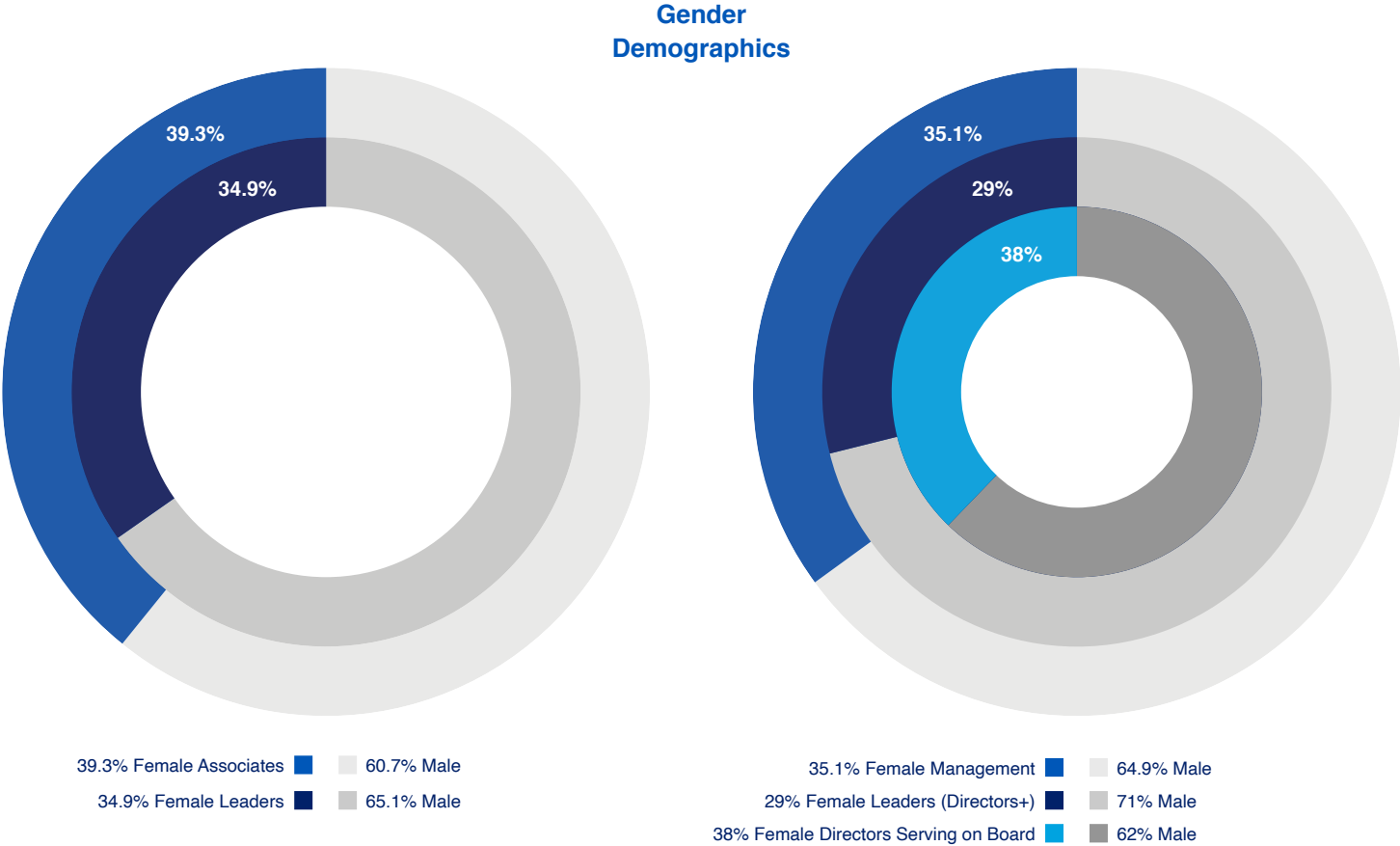
Associates

~7,100

Full-Time

~250

Part-Time



\*This data represents US Population only as of FY23

US Employee Population	Male	Female	White	Hispanic/Latino	Black/African American	Asian	American Indian/Alaskan Native	Native Hawaiian/Other Pacific Islander	2 or More Races
Individual Contributor	59.9%	40.1%	71.6%	10%	12.8%	2.2%	0.7%	0.3%	2.4%
Middle Management	63.9%	36.1%	82.7%	4.9%	8.7%	1.9%	0.3%	0.3%	1.2%
Director and Above	71.1%	29%	85.1%	0.8%	6.6%	7.4%	0.0%	0.0%	0.0%
Total Company	60.5%	39.4%	73%	9.3%	12.2%	2.3%	0.6%	0.3%	2.2%

As of September 2, 2023, our U.S. employee population possessed the gender, ethnic and racial attributes identified above.

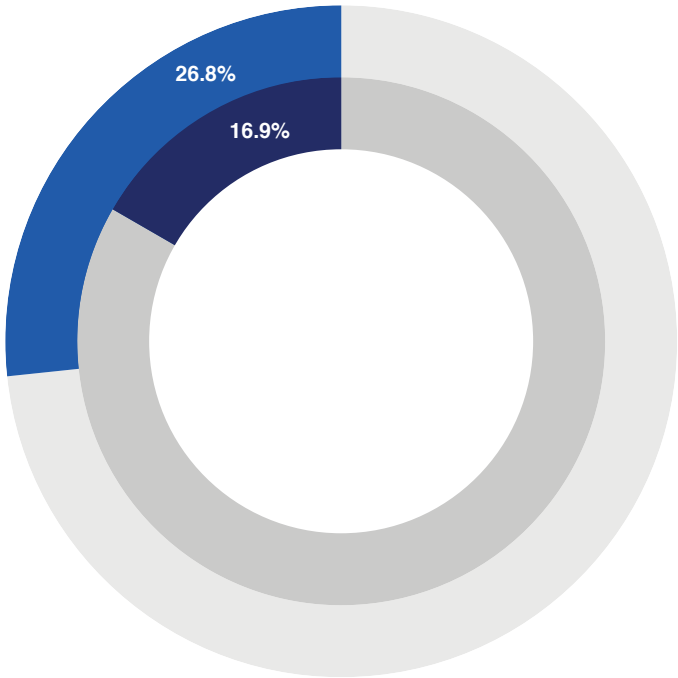


# DIVERSITY STATISTICS

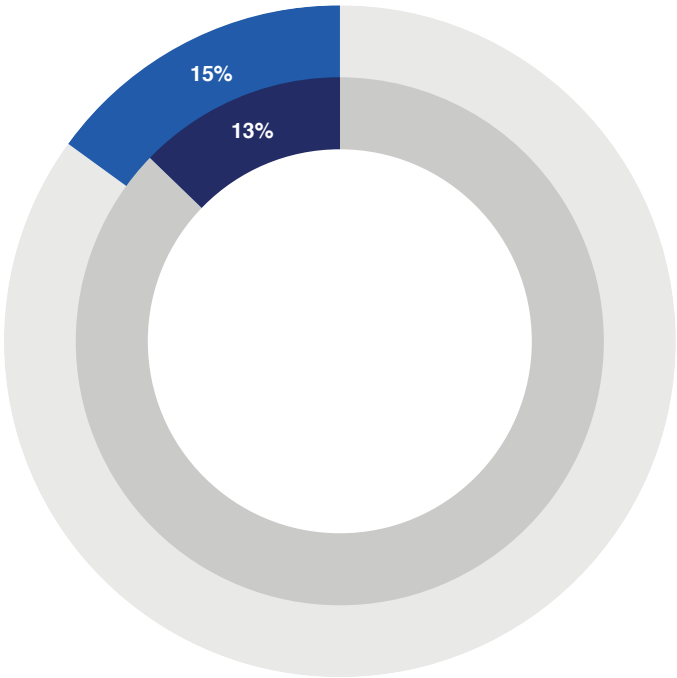
## Diversity Summary

Within MSC’s US workforce, approximately 39.3% are women, and within MSC’s leadership positions, 34.9% are women. MSC’s US workforce was comprised of 26.8% racially and ethnically diverse team members overall and 16.9% racially and ethnically diverse leaders.

Racially & Ethnically Diverse Demographics



26.8% Diverse Associates 73.2% Other  
16.9% Diverse Leaders 83.1% Other



15% Diverse Leaders (Directors+) 85% Other  
13% Diverse Directors Serving on Board 87% Other

Racial/Ethnic Representation	All Minorities	Black	Hispanic	Asian	Hawaiian	American Indian/Alaskan Native	White	2 or More Races	Undeclared
Management	18%	8.4%	4.3%	2.7%	0.3%	0.3%	83%	1%	0.1%
All Other	28.4%	12.8%	10%	2.2%	0.3%	0.7%	71.6%	2.4%	0.1%
Total Company	27.0%	12.2%	9.3%	2.3%	0.3%	0.6%	73%	2.2%	0.1%

As of September 2, 2023, our U.S. employee population possessed the gender, ethnic and racial attributes identified above.



**50 / WOMEN**  
**50 / ON BOARDS**

## DEI STATS

# AWARD WINNING

50/50 Women on Boards is a global nonprofit with a mission to accelerate gender balance and diversity on corporate boards. With a vision for women to hold 50% of corporate board seats and women of color to hold 20% of all corporate board seats, 50/50 Women on Board recognizes organizations striving for gender equality on their Board of Directors. As of 2023, MSC was recognized with this award.



# SAFETY AT MSC

At MSC we aim to build a culture and environment in which safety is a top priority across all levels of the organization and that every associate has the right and responsibility to seek to prevent injuries continually.

## Innovation

- > State-of-the-art picking system, AutoStore, installed, which provides significant safety benefits
- > Reduced potential risk through improved ergonomics
- > Energy savings through smart-building efficiencies

## Leadership

- > Columbus, OH, CFC recertified to ISO 45001 Standard
- > Reno, NV, and Harrisburg, PA, are preparing for ISO 45001 certification in FY24
- > All operational locations will have ISO 45001 implemented over the coming years

## Training

- > Mandatory New Associate Orientation—Safety
- > Rigorous 90-day Supply Chain training—Function Specific
- > Toolbox Talks
- > Emergency Action Plan drills
- > Lockout/Tagout





# ABOUT OUR SAFETY PROGRAM

MSC rigorously tracks and measures safety performance. We report total recordables per year, recordable case rate, lost workday cases per year, lost workday case rate, restricted workday cases per year, restricted workday case rate, other recordables per year and Days Away/Restricted Time (DART) case frequency rate per year.

### Working Safely Is Good Business

Knowing that associates who feel safe drive overall performance, increase revenues and decrease operating costs, MSC has always considered “walking and talking” safety a sound business practice. This was highlighted in our 2022 Engagement Survey conducted companywide, where the highest driver was identified as, “I have a safe working environment” with 88% of respondents strongly agreeing or agreeing with the statement. That driver was a combination of two specific questions: “I am physically safe at work” and “If I identify a safety issue, I am confident that my manager will handle it accordingly.”

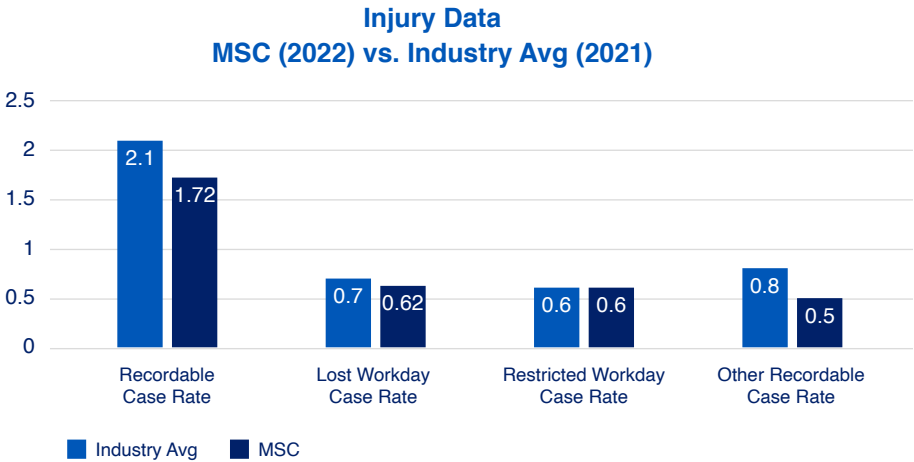
To form strong working relationships with our customers, we support and partner with them by sharing key safety statistics, programs, policies and best practices. Those relationships are evident in every aspect of our performance, anywhere from sales support, order processing and fulfillment, onsite inventory solutions and including our own team of sales-oriented safety professionals on the shop floor finding solutions for customers.

MSC compares consistently well below industry averages in three measurable criteria.

Additional Injury Data in Appendix

METRIC	AVG FROM THE US BUREAU OF LABOR STATISTICS	MSC PERFORMANCE
Total Recordable Rate	2.1	1.72
Lost Workday Cases	0.7	0.62
Restricted Workday Cases	0.6	0.6

U.S. Bureau of Labor Statistics <https://www.bls.gov/web/osh/table-1-industry-rates-national.htm>



# ASSOCIATES

New MSC associates are trained in core safety topics through our comprehensive New Hire Orientation. For associates in supply chain positions, a 90-day orientation is provided, which covers 12 safety-specific topics.

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In addition to the job-dependent training our associates receive throughout the year, our Global Safety team provides them with monthly Safety Calendars that are curated to fit the needs of different functional areas, and they distribute weekly Toolbox Talks for our leaders to review with their associates.

Each year all applicable warehouse associates are required to cover standard operating procedures, with maintenance technicians and warehouse management receiving additional lockout/tagout training. Additionally, our powered industrial truck (PIT) operators participate in training and retraining events, fall protection training, and inspection of their personalized equipment.

Associates in a physical MSC location will participate in at least two Emergency Action Plan drills: one for evacuation of the facility and one for shelter-in-place events (severe weather).

Our dedicated seven-person team of safety and risk professionals have over 95 years of combined safety experience, with many holding professionally recognized certifications, including Certified Safety Professional. MSC's Operations Supply Chain Team is highly trained in investigation techniques, reducing the recurrence of incidents and sharing best practices throughout our internal network. Leadership actively identifies incident trends throughout the network and works collaboratively with our Safety Professionals to enhance safety, ensuring MSC is a top workplace for safety.



# POLICY AND BEST PRACTICES

MSC has a robust internal Global Safety Policy Manual that covers the topics listed below. All our topics are applicable to U.S. and Canadian regulations and many policies go beyond compliance standards to meet or exceed industry best practices.

- > Arc Hazard and Flash
- > Compressed Gas
- > Confined Space
- > Contractor Safety
- > Conveyor and Related Equipment
- > Electrical Safety
- > Elevated Work
- > Emergency Action Plan
- > Fatigue Management
- > Fire Protection
- > First Aid and Exposure Prevention
- > Fleet Safety
- > Global Safety Communication
- > Hazard Communication
- > Hearing Conservation
- > Hot Work
- > Incident and Injury
- > Job Safety Assessment
- > Lockout/Tagout
- > Machinery and Power Tool
- > Manual Material Handling
- > Personal Protective Equipment
- > Powered Industrial Trucks
- > Regulatory Inspections and Abatement
- > Respiratory Protection
- > Safety Training and New Hire Training
- > Security
- > Stop Work
- > Toolbox Talk and Global Safety Bulletins
- > Visitor Safety
- > Workplace Audit and Abatement
- > Working Alone







# SAFETY LEADERSHIP

In 2017 we introduced the “Safety Leadership System” (SLS), which dictates that every leader in MSC is responsible for the safety of every associate. This included our Customer Fulfillment Centers in the US and Canada, our Class C Solutions Group operations (includes Hanover Park, Illinois; Shelbyville, Kentucky; and four Canadian locations), as well as other supporting functions, including engineering, quality assurance and inventory, and human resources. We have since expanded our SLS into our field solutions operations, our in-plant solutions team, and our sales organization.

MSC’s current  
EMR rate is  
**1.066**

## MSC Safety Leadership System



**All incidents and injuries are preventable.**



**Associate involvement is vital to a safe working environment.**



**Everyone is responsible for safety.**



**All operational exposures can be safeguarded.**



**Leaders are responsible for preventing injuries.**



**We will openly share safety best practices and learning opportunities.**



**Training associates to work safely is imperative.**



**We will promote off-the-job safety.**



**Safety is a condition of employment.**



**Working safely is good business.**

## Investing in Safety

# INNOVATION & TECHNOLOGY

MSC's Engineering and Global Safety Teams have collaborated to add blue awareness lights at each Customer Fulfillment Center to increase pedestrian awareness of workplace hazards associated with industrial equipment like powered industrial trucks (PITs). This type of technology was developed through the efficient and simple method of using light as an alternative to other audible devices.



### HeroWear Benefits

- > Offloads 40% of back strain (reduces pack pressure by 100 lbs.)
- > Lightweight and customizable
- > Improves lifting technique
- > Simple to use

### Soter Analytics Benefits

- > Reduces fatigue
- > Training is real time with sound and vibration
- > Training received is highly personalized
- > Aids in preventing shoulder injuries

With the help of our partner Soter Analytics' technology and AI, MSC associates will receive immediate feedback on their ergonomic movements as well as collaborate with Safety Professionals on their individual performance. SoterTask will be used to identify high-risk tasks and work to engineer them out of our operation.



**Apex is Modular**  
The HeroWear Fit Kit  
56 Fit Combinations



Through a partnership with HeroWear, MSC is leveraging cutting-edge exosuit technology through a demonstrative program in one of our locations. Intended to reduce back strain and muscle fatigue, HeroWear exosuits provide an ergonomic solution to manual material handling risks.

[herowarexo.com](http://herowarexo.com)

### Passive Assistance





**Compared to traditional manual picking methods, the system is up to 50% more effective and eliminates reaching, crouching and twisting often associated with manual picking, offering a safer and more comfortable work environment.**

# AUTOSTORE

MSC has partnered with Bastian Solutions to implement AutoStore, a space-saving storage and order-picking system, into the company's supply chain. AutoStore improves productivity and associate safety while reducing energy consumption, particularly by minimizing the need for Power Industrial Trucks (PITs), which can present a workplace hazard (e.g. impacts to racking, other PIT, facility structures, etc.) and are energy-intensive.

AutoStore employs an energy-efficient approach of high-density "pick to person". In fact, 10 AutoStore robots use approximately the same amount of energy as a single vacuum cleaner operating for the same amount of time through opportunity charging and their regenerative energy functions. Overall, they only consume 100 watts of energy. This transition to AutoStore enhances productivity and safety, with 99.7% global uptime, 100% stock accessibility and 24/7 operability.



## Overall Safety & Health Management System

# ISO 45001

On January 3, 2020, MSC's Columbus, Ohio, CFC received its first certification to the ISO 45001:2018 Standard. The certification was conducted by Orion Registrar, Inc. and the American Society of Safety Professionals (ASSP). In November 2022, the recertification of the Safety Management system was completed, directly impacting just over 50% of our associates through updated Global Safety Policies, new programs such as Lessons Learned, Safety Alerts, Safety Calendars and other forms of communications.

Putting processes into practice and shaping how safety is prioritized, MSC has integrated elements of the ISO program into our Supply Chain, with ISO certification processes underway for two other CFCs. With our initial ISO 45001 certification complete, we are continuing our plan to conduct certification audits in three of our five remaining US CFCs (Pennsylvania, Indiana, Nevada) over the next two years (2023-2025). These in-depth processes include associate and operation risk identification, enacting measurable action plans to address high risk, and reassessing to evaluate the effectiveness of those plans over a three-to-six-month period. Additionally, MSC has implemented network-wide processes to avoid the risks identified by our Columbus, Ohio, team, including associate training and retraining, Contractor and Visitor Management, Job Safety Analysis (JSA) and Security.





### Driver Safety

To train associates who may have job duties that include driving on behalf of the company in a personal vehicle or the operation of a company or customer vehicle, MSC uses a web-based driver risk management program through our fleet management partner Donlen/Wheels. Our Driver Safety training program covers the Fleet Handbook policy training, hazard perception evaluation and targeted training. As of FY23, MSC's preventable accident rate was 2.16 (per million miles driven).

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### Contractor Safety

MSC partners with contractors for various services, including janitorial work, food service, equipment service and installation, construction and related activities, project management and consultation. We collect baseline "risk" data during the selection process, such as insurance information and Regulatory Agency statistics. Once contractors are selected, we assess their overall Safety Program.

Our contractors must meet our policy expectations. We ensure they have applicable Safety and Risk policies, well-trained employees, applicable Trade/Craft Training, up-to-date certifications and have an identified on-site individual(s) who are responsible for the safety of their employees. Contractors are required to inform us of any incident or injury upon occurrence and will assist in investigations if necessary.

During contracted work activities, MSC leaders and/or project managers meet regularly with contractors to review work activities, safety and health performance, audit results, policy compliance and safety training.



# ETHICAL SUPPLY CHAIN STEWARDSHIP

MSC is committed to creating, fostering and sustaining a resilient supply chain with a broad network of domestic and international suppliers, businesses of all sizes with diverse ownership and products manufactured across geographical locations. We serve as a trusted partner to our customers in ensuring that the products they buy are manufactured and sourced responsibly.

## Supplier Partners and Exclusive Brands Manufacturers

MSC partners with suppliers and manufacturers across North America and the world that meet worldwide safety and quality standards for the products that we purchase for resale, and those that are produced for MSC through our Exclusive Brands program. To ensure a mutually beneficial partnership, suppliers that manufacture products for MSC are thoroughly vetted before becoming an MSC Exclusive Brand supplier, including multi-step pre-qualification, physical site inspections, quality assurance testing and business analysis.

## Supplier Code of Conduct

MSC's Supplier Code of Conduct ensures that the products we distribute are manufactured according to high standards and ethical practices, including responsible environmental stewardship, respect for human rights and lawful labor practices, safe and healthy working environments and general good governance. The MSC Supplier Code of Conduct applies to suppliers contracting with MSC Industrial Direct Co., Inc., including its fully integrated subsidiaries and business divisions, supplying products and services for use in the United States.

## Supply Chain Inclusivity

To help our customers meet their needs and procurement goals, MSC partners with suppliers of all sizes and ownership. In FY2023, MSC spent over \$500M on purchases from small businesses, including woman-, minority-, veteran-, and service-disabled veteran-owned businesses, HUBZones, Labor Surplus and other disadvantaged or historically underrepresented enterprises.





# SUPPLIER DIVERSITY & INCLUSION

MSC's Supplier Diversity program is grounded in our commitment to source high-quality and innovative products. We partner with suppliers of all sizes and ownership, creating a robust and inclusive supply chain that supports the needs of our customers and their supplier diversity procurement goals. Diverse businesses are identified as for-profit enterprises with at least 51% ownership, management and control by individuals or groups who are United States citizens in traditionally underrepresented and socially or economically disadvantaged groups. Our diverse supplier community includes:

- > Minority Business Enterprises (MBE)
- > Woman Business Enterprises (WBE)
- > Veteran Business Enterprises (VBE)
- > Disabled Veteran Business Enterprises (DVBE)
- > Small Business Enterprises (SBE)
- > Small Disadvantaged Business Concern (SDB)
- > Historically Underutilized Business Zone (HUBZone)

## MSC 2023 Supplier Diversity Key Metrics

**\$500M+** Purchases from Small Businesses

**\$30M+** Purchases from Women-Owned Small Businesses (WOSB)

**\$15M+** Purchases from Veteran-Owned Small Businesses (VOSB)

**600+** Small Business suppliers with historically underrepresented ownership

"Small businesses make up the overwhelming majority of U.S. businesses and are an essential component of our overall economy. The positive socio-economic impact of what we do in Supplier Diversity is clear—our investment in Supplier Diversity not only increases innovation through a more inclusive supplier base, it also provides opportunities for increased job creation, which in turn fuels economic wealth and quality of life improvements throughout our communities."

**Gwen Johnson**  
Program Manager, Supplier Diversity & Sustainability

# SUPPLIER DIVERSITY & INCLUSION

## MSC Supply Chain Diversity Solutions

MSC partners with manufacturers, suppliers and distributors that offer quality products and services to support customers with the diversification of their supply chain, and meet their procurement needs and diversity goals.

### MSC Tier 1

#### Diversity and Small Business Program

- > MSC partners with a network of small and diverse authorized distributors with a wide range of Metalworking and MRO products, services and distribution capabilities that directly serve end customers.
- > MSC's partnership with qualified distributors allows customers to expand their supplier base directly and fuels the growth of our small business partners.

### MSC Tier 2

#### Supplier Diversity Program

- > MSC purchases products directly from a diverse community of suppliers and offers reporting on procurement spend to customers.
- > The MSC supplier network includes hundreds of small businesses, of which over 600 are small business suppliers with diverse ownership.
- > In 2023, MSC established a Supplier Diversity & Sustainability function in our Supplier Diversity program to coordinate and connect our direct and indirect purchasing of diverse and sustainable products to customer needs.



### National and

### Regional Partnerships

MSC is a national member of the National Minority Supplier Development Council (NMSDC) and a corporate member of the Carolinas-Virginia Minority Supplier Development Council (CVMSDC), a regional affiliate of NMSDC.

# COMMUNITY



**>400 Hours**

MSC volunteers participated  
in events in FY2023



**>430,000**

Meals donated to  
Food Banks nationwide



**\$150,000**

MSC funds donated to  
disaster relief efforts





# MAKING POSITIVE CONTRIBUTIONS TO OUR COMMUNITIES

MSC's Community Relations team aims to make a measurable impact in our local communities by promoting our unique culture of teamwork, delivering positive results, sharing and diversity. Striving to make a difference, we seek to build strong partnerships with organizations and our communities at large through charitable contributions, in-kind donations and volunteering across three key impact areas: Building Healthy Communities, Alleviating Poverty and Advancing Economic Empowerment, and Fueling Education, Training and Skills Development.

**"A little bit of your time can go a long way. There is strength in numbers."**

**Steve H.**  
MSC Associate



**"I try to participate in events where my entire family can join. I want them to know at a young age that helping others is what life is all about."**

**Brian B.**  
MSC Associate

## Giving Time to Help Others

We stand by the idea that we exist for the betterment of others, not ourselves. MSC's involvement in the communities we serve dates back to our founder Sid Jacobson's belief that companies were accountable not just to shareholders but to their communities. Today, we continue to honor our purpose and our brand promise, "Built to Make You Better."

# DISASTER RELIEF & SUPPORT



## Canadian and Maui Wildfires

This year marked a time when unprecedented wildfires struck both Canada and Maui. MSC took action with a \$25k donation to each area to support the lives forever changed by these events.



## Hurricanes Fiona and Ian

To provide disaster relief and humanitarian aid in the U.S., Puerto Rico and Canada during hurricanes Ian and Fiona, MSC provided \$75k to organizations, including Americares, The American Red Cross, Global Medics and Team Rubicon to provide relief directly to the victims and support cleanup.



**"Putting others ahead of ourselves and supporting people in their time of need has always been part of our DNA at MSC."**

**Erik Gershwind**  
President and CEO

## Charitable Partnerships for a **GREENER PLANET**

MSC prevents unsold products from becoming waste by regularly donating usable goods to be consumed, repurposed or recycled. Through valued partnerships with programs such as Waste to Charity (WTC) and WIN Warehouse, MSC is able to support the triple bottom line—People, Planet and Profit, by creating societal opportunity and minimizing potentially negative environmental impacts. In 2023, MSC donated more than \$13 million worth of products to both WTC and WIN, upholding the value of community, collaboration and Doing the Right Thing.



**Save  
Money**



**Boost  
Efficiency**



**Make a  
Difference**

### Expanding our Circle of Support

MSC operates Community Relations Teams comprised of associates at each of our major US locations, including our CSCs and CFCs. These teams of volunteers help guide MSC's charitable and volunteer activities and advocate for the company's community relations efforts. Associates in our smaller warehouses as well as those in Canada, the UK, and China also make charitable contributions and participate in volunteer activities that support their communities.



# VOLUNTEER PROGRAMS

## 9/11 Day of Service

We as a nation have honored the nearly 3,000 victims who perished on 9/11 through a National Day of Service and Remembrance. In keeping with this spirit of remembrance and service, our associates in multiple locations volunteered at local food banks in their communities.



The Columbus, Ohio, CFC teamed up with The Mission Continues at the Mid-Ohio Food Collective.



In Melville, New York, associates volunteered for Island Harvest at their Healthy Harvest Farm.



Davidson, North Carolina, associates volunteered at FeedNC.

Governance at MSC ensures we run our business in an ethical manner and address the risks that can threaten our business. It is ingrained in our values to always do the right thing, be honest in what we do, and be accountable for our actions.







**100%**  
Ethics and Code of  
Conduct coursework  
completed as required

**100%**  
Cybersecurity  
training completed  
as required



# BUSINESS CONTINUITY MANAGEMENT PROGRAM

In the event of a business disruption, the MSC Business Continuity Management Plan (BCMP) ensures continuous business operations of critical business functions. Crisis Management Plans involve procedures dedicated to incident identification, evaluation, declaration, plan activation and deactivation. Emergency Action plans are established for each location, providing emergency response information, including life safety and evacuation instructions on how to react in the event of on-site emergency incidents.

## Business Continuity Plans

MSC Business Continuity Plans address the recovery and continuity of the critical business functions required to maintain an acceptable level of operation during an incident. A Business Impact Analysis (BIA) workshop was performed with executive management to identify MSC's critical business functions that would need to be recovered within one week of a declared crisis.



## Governance

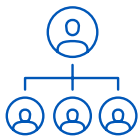
Since MSC's introduction in 1941, MSC has demonstrated the highest level of integrity, prioritizing the interests of our shareholders and committing to upholding the sound principles of corporate governance.

[Learn More](#)

# CRISIS MANAGEMENT PLANS

MSC has created Crisis Management Teams (CMT) and Plans to ensure direction and coordination during an operational disruption. MSC utilizes a multi-team approach and has created three branches to support, train and facilitate awareness of Crisis Management organizationally. MSC's Crisis Management teams are regularly tested to ensure appropriate associates are trained in areas of communication and logistics in the event of a crisis.

## Crisis Management Structure



**Leadership:** Corporate CMT consists primarily of senior executives responsible for the coordination and facilitation of activities aimed at managing a crisis overall.



**CFC Teams:** CFC CMT involves site-specific crisis management teams responsible for managing problems and issues that occur at their respective sites.



**Individuals:** ISET (Incident Support & Escalation) provides guidance and support to the Individual CFC CMTs to determine whether an incident should be escalated as a crisis to the Corporate CMT.





# EMERGENCY PREPAREDNESS

## IT Disaster Recovery Plan

MSC's Disaster Recovery Plan establishes smooth and rapid restoration of service through alternative means of operation while also training personnel on MSC's established emergency procedures. The Plan consists of a 2-Class System designation: Class 1 Systems are required for MSC to take and process orders and accept payments; Class 2 Systems are all other production systems not vital to support one of the Class 1 business activities. We annually test our disaster recovery process, and findings are tracked and rectified promptly to minimize recovery time should a real event occur.

## Emergency Action Plans

In the event of an on-site emergency, each MSC location has instituted Emergency Action Plans (EAPs) designed in accordance with local, state and federal regulations. This emergency response information includes life safety, evacuation and shelter-in-place instructions for associates, vendors and visitors. Examples of types of emergencies that can affect MSC facilities include fire, explosion, medical emergency, chemical spill, power loss, bomb threat, workplace violence, gas, suspicious package, tornado, hurricane, blizzard, flood and earthquakes.

## IT Security Incident Response Plan

In addition to bi-annual meetings held by the Cyber Incident Response Team (CIRT) and Incident managers focusing on the continued development of incident response readiness, MSC's Information Security Team follows a 4-phase IT Security Incident Response Plan (IRP).

### The phases are:

- 1 Preparation:** Preparing systems, defining efficient response scenarios and determining how an incident is reported.
- 2 Detection and Analysis:** Identifying, classifying and initiating a response to understand and determine the full scope and impact of the incident.
- 3 Containment, Eradication and Recovery:** Reducing the incident's impact and/or risk consequences and restoration of the network by CIRT.
- 4 Post-Incident Review:** Focusing on incident closure, process improvement, investigations and metrics.



# INFORMATION SECURITY

## Cybersecurity

### CMMC 2.0

MSC takes customer data security seriously, and in June of 2023, MSC completed a self-certification audit demonstrating major strides in achieving compliance with CMMC control requirements. We have put an action plan in place to rectify the remaining issue. As a Department of Defense contract holder and a supplier to many prime contractors in the defense and aerospace industries, a self-certification audit is the first step in a rigorous process to ensure that we are fully compliant with CMMC 2.0 and have implemented the stringent controls required to protect sensitive unclassified information from increasingly complex cyberattacks. By pursuing compliance with CMMC 2.0 standards, MSC will be in a position to continue to securely offer our products and solutions to our government and prime contractor customers.

### Data Security

MSC goes above and beyond an industry-standard level of protection for our data and the data of our suppliers, customers and associates. MSC has contractual terms and stringent cybersecurity training requirements for our associates that protect the information related to our suppliers, customers, vendors and associates. In FY23, 100% of our associates completed the annual cybersecurity training within the required timeframe.



# SUPPLIER GOVERNANCE, PRODUCT SAFETY & QUALITY

## Supplier Compliance

Suppliers to MSC are subject to applicable international, federal, state and local laws, and safety and compliance requirements.

**MSC's Supplier Agreement and Supplier Code of Conduct address environmental stewardship, social responsibility and ethics, covering topics including:**

- > Labor Practices, Human Trafficking and Child Labor
- > California Prop 65
- > Counterfeit Goods
- > Conflict Minerals
- > Worker Safety
- > Emergency Preparedness
- > Waste Reduction and Recycling
- > Air Emissions Monitoring
- > Business Integrity
- > Unfair Trade Practices

## Exclusive Brands

Industry partners are thoroughly vetted before becoming an MSC Exclusive Brand supplier, including multi-step pre-qualification, physical site inspections and product quality assurance testing, including, but not limited to, raw material analysis, hardness and tensile strength.

All products produced for MSC must meet or exceed worldwide industry standards, including ANSI/ASTM, OSHA, NFPA, ISO, DIN, BS, JIS.

## MSC Supplier Resource Center

MSC maintains a central space on [mscdirect.com](https://mscdirect.com) for suppliers to access our Terms and Conditions, contracting requirements and Supplier Code of Conduct to ensure that our supplier partners know what is expected of them.



# ETHICAL SUPPLY CHAIN STEWARDSHIP

## Conflict Minerals

MSC is committed to responsible corporate citizenship and condemns the atrocities perpetuated by militants in the Democratic Republic of the Congo (DRC) and its adjoining countries. MSC is also committed to complying fully with the Conflict Minerals Law. As part of this effort, MSC will continue to:

- > Identify the sources of any conflict minerals in the products we manufacture or contract to manufacture.
- > Improve, year-over-year, our ability to track conflict minerals in our supply chain and report on their countries of origin.
- > Strive to eliminate any conflict minerals that are not DRC conflict-free from the products we manufacture or contract to manufacture.
- > Support industry-wide initiatives to audit smelters and refiners of conflict minerals.

In addition, MSC expects its suppliers to refrain from knowingly supplying products containing conflict minerals that are not certified as DRC conflict-free. We seek their support in our efforts to identify the smelters, refiners and the origins of these conflict minerals that are processed and used in our products.

## Human Rights

MSC is committed to responsible corporate citizenship and eradicating human trafficking and modern slavery from our primary supply chain. We expect our suppliers to operate their businesses with the utmost integrity and in compliance with all applicable laws and regulations, including those addressing [human trafficking](#) and [modern slavery](#). We strive to be in compliance with section 54 of the UK Modern Slavery Act 2015 (See [MSC UK Policy here](#)) and the relevant sections of the Federal Acquisition Regulations (FAR). These legal requirements are communicated to our suppliers through a [Supplier Agreement](#), [MSC's Supplier Terms and Conditions](#) and our [Supplier Requirements](#). To bolster awareness and prevention, MSC provides training to relevant members of our staff, which includes a detailed review of the MSC Supplier Agreement, Supplier Terms and Conditions, and Supplier Handbook.





# ETHICS AND POLICY

## Ethics and Integrity

MSC has always been guided by a value system that emphasizes integrity and trust at all levels of the organization. The company maintains long-standing policies and practices to ensure that MSC is managed with integrity and in our shareholders' best interests. In addition, MSC is committed to upholding the sound principles of corporate governance, meeting the requirements of federal and state law, and the rules of the New York Stock Exchange and the US Securities and Exchange Commission.



## Dual Class Elimination

In October 2023, MSC's shareholders voted to approve a transaction agreed to by MSC's Board and the Jacobson/Gershwind family to eliminate the company's dual class share structure and convert the family's Class B shares to Class A shares.

- > Limitations on family voting. The reclassification agreement limits the Jacobson/Gershwind family's voting power to 15% of shares outstanding, and any shares it owns in excess of 15% will be voted pro rata with the votes of the unaffiliated Class A shareholders.
- > Enhancements to governance. The company has adopted a majority of the shares outstanding standard (replacing the current required 2/3 vote) to approve significant transactions and a majority of the votes cast standard for uncontested Board elections.
- > Further enhancing Board independence. The Board intends to add a new independent director to the Board.



APPENDIX

# ENVIRONMENTAL & SUSTAINABILITY POLICY STATEMENT

MSC is committed to incorporating sustainability and environmental responsibility into our business operations and decisions. Environmental responsibility is an integral aspect of our business mission, as stated in our Business Code of Conduct. MSC strives to be a responsible corporate citizen with all our stakeholders in mind, including our associates, customers, owners, suppliers and neighboring communities. Our awareness and concern for the environment aligns directly with our culture, core values and guiding principle of “Do the Right Thing.” MSC is committed to achieving the following objectives:

## Responsibilities

### Senior Leadership and Management will:

- > Maintain an Environmental Compliance & Sustainability (EC&S) Department that will provide technical assistance, training and guidance for environmental and sustainability programs throughout the organization.
- > Identify and review environmental and sustainability objectives, including the cross-functional assessment of current and future needs, performance and goals.
- > Continue to employ qualified environmental, sustainability, product stewardship and risk management professionals to ensure the protection of health, safety and the environment.
- > Engage with investors, employees, governmental agencies and other stakeholders to explain and improve environmental and sustainability initiatives.
- > Periodically review this policy statement and update as applicable to reflect new sustainability targets, disclosures, procedures and performance metrics.
- > Make this policy statement publicly available to all associates and interested parties.

### Associates and all other workers will:

- > Follow company environmental and sustainability policies and procedures to comply with all applicable environmental laws and regulations.
- > Participate in projects that contribute to sustainable stewardship by way of societal, economic and environmental benefits.
- > Drive company culture that encourages corporate sustainability and environmental-awareness activities.
- > Continue to foster associate engagement through various programs and activities, including volunteer and educational opportunities.

## Policy Objectives

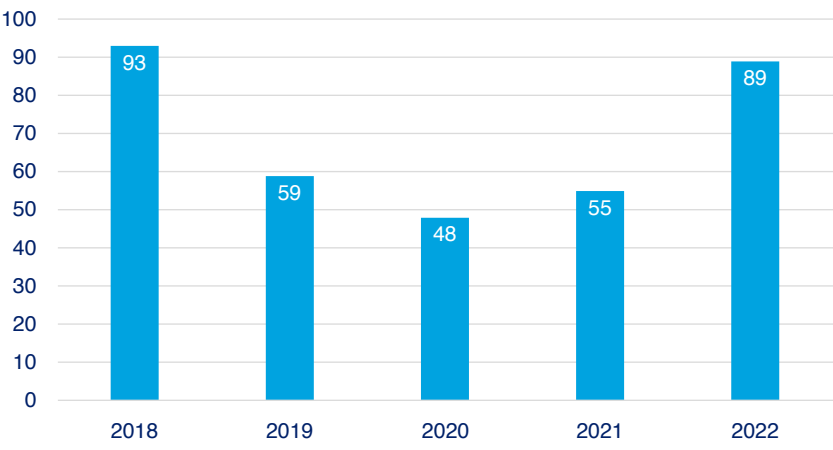
### MSC will:

- > Strive to minimize the carbon footprint and other environmental impacts of our operations. It is MSC’s goal to handle, use, distribute, sell, service, transport and dispose of all products in an environmentally sound manner.
- > Continue to monitor and improve environmental performance in our facilities in the areas of energy efficiency, utility performance and natural resource consumption.
- > Manage disposal of waste in a compliant and environmentally sound manner, utilizing reliable vendors and industry best management practices.
- > Continue specialized recycling programs for qualified materials, including but not limited to, electronic waste, universal waste, batteries, printer ink and toner, paper, cardboard, pallets, etc.
- > Maintain product-donation programs to reduce waste and enhance communities by providing viable products to local municipalities, schools and non-profit organizations.
- > Continue to provide environmentally preferable product (EPP) solutions for our customers.
- > Continually evaluate supplier product compliance with all applicable laws and regulations, including prohibition or restriction of specific substances, labeling, recycling and disposal under the leadership of the EC&S Department.
- > Promote continual improvement through regular environmental compliance assessments and reviews.
- > Utilize pollution-prevention measures to avert unintended releases or harm to the environment.

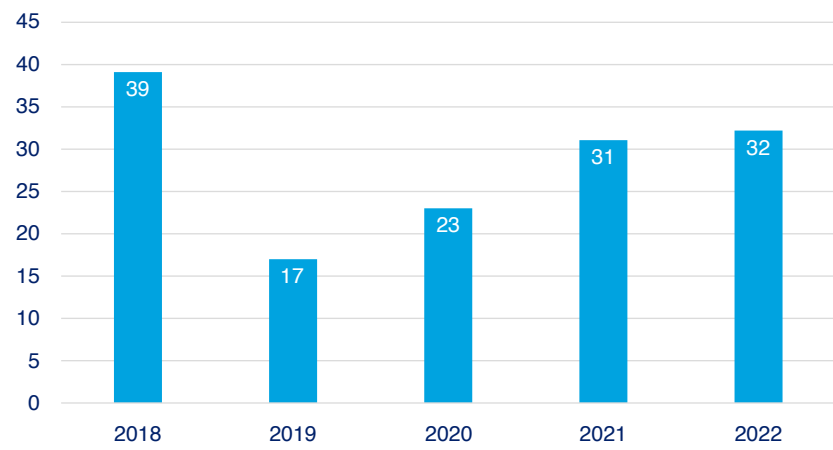


# SAFETY PERFORMANCE DATA

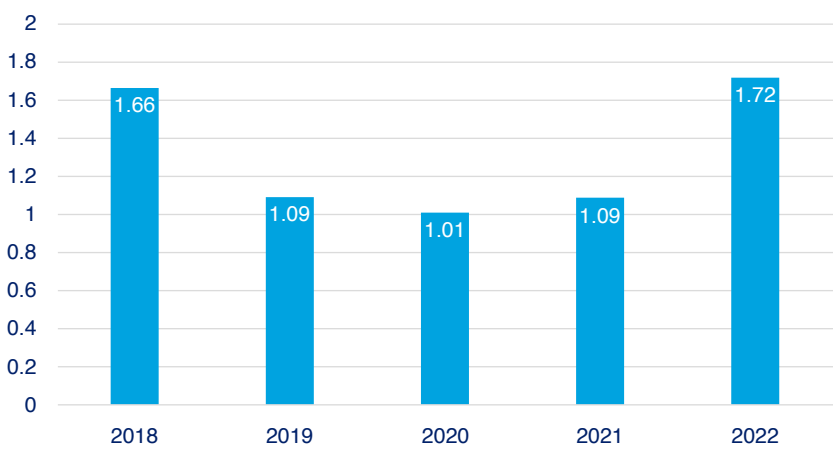
Total Recordable Injuries Per Year



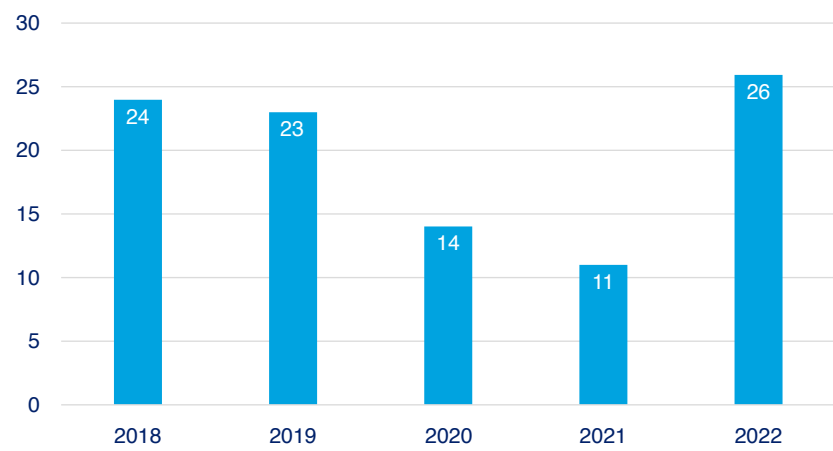
Lost Workdays (LWD) Cases Per Year



Recordable Case Rate Per Year

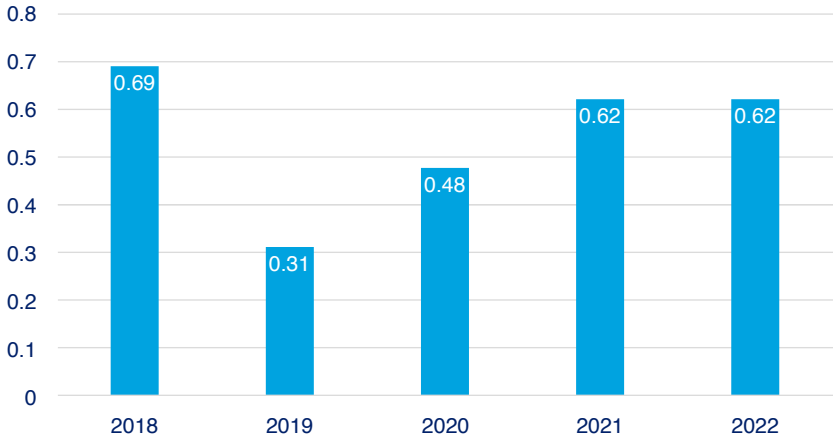


“Other” Recordable Cases Per Year

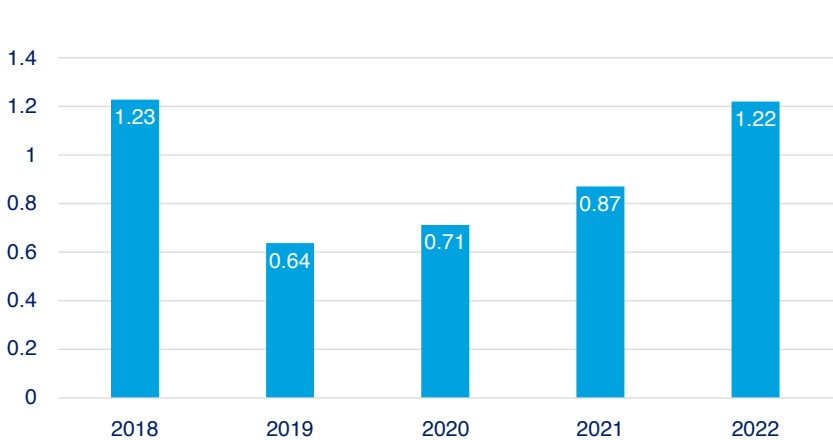


# SAFETY PERFORMANCE DATA

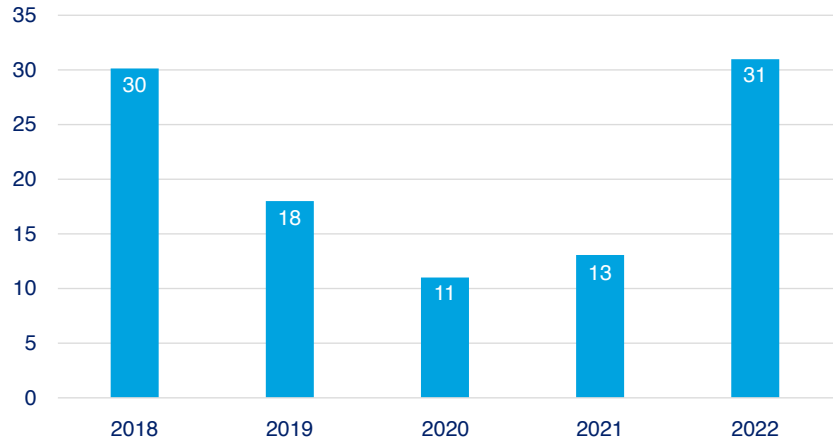
Lost Workday (LWD) Cases Per Year



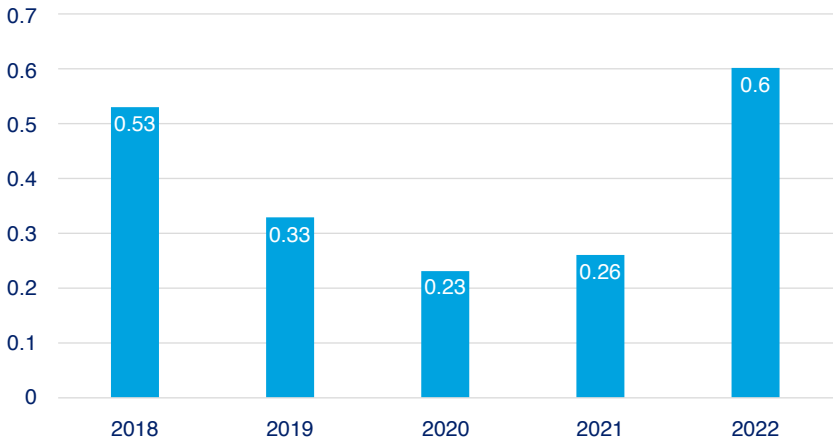
Days Away or Restricted Time (DART) Case Rate Per Year



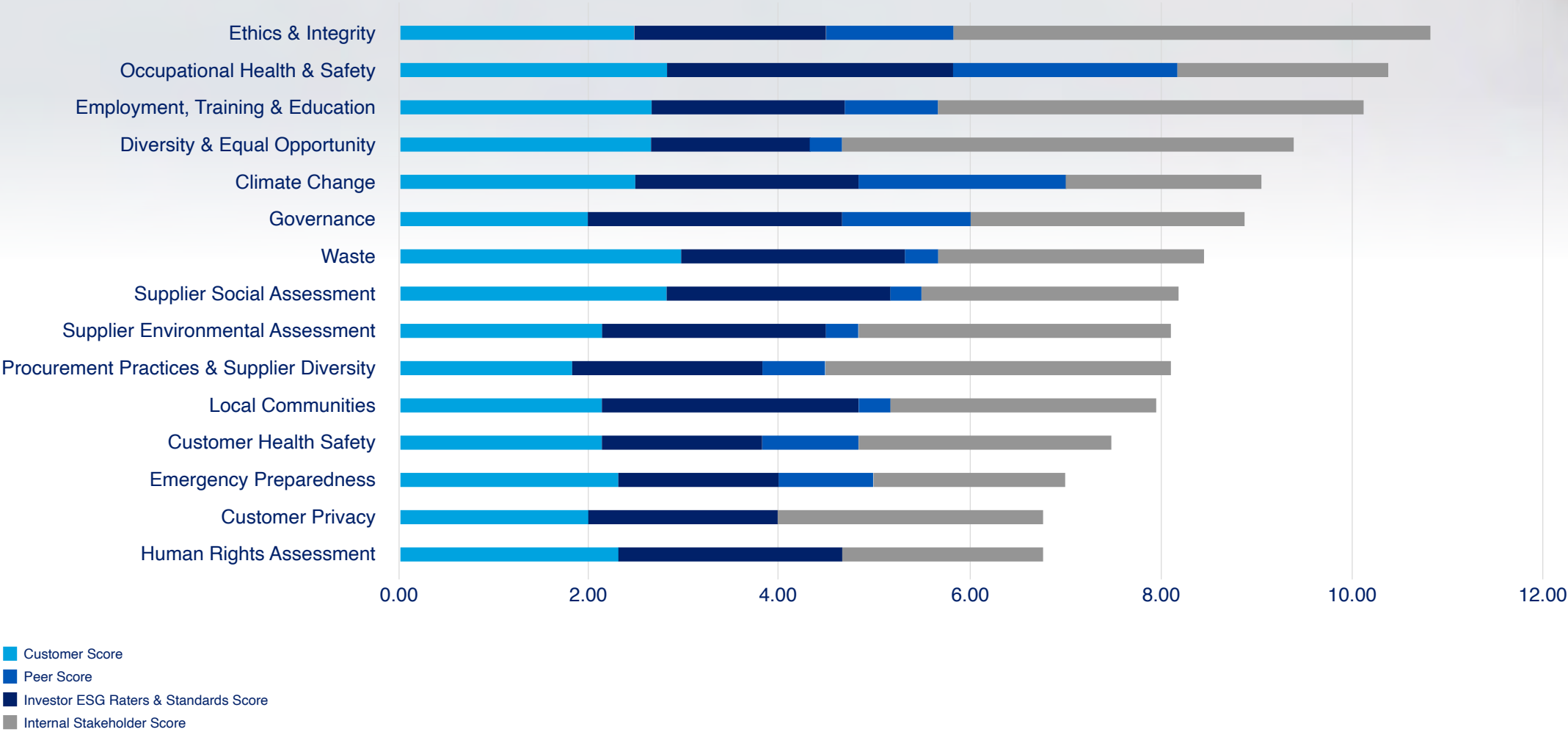
Restricted Work Day (RWD) Cases Per Year



Restricted Work Day (RWD) Case Rate Per Year



# MSC STAKEHOLDER MATERIALITY MATRIX





# BUILDING BETTER EVERY MILESTONE



# ASSOCIATE VALUE PROPOSITION

Learn, Belong And Thrive — Your Best Work Starts Here



## Purpose

MSC exists to fuel the industrial economy, propel our stakeholders' success and contribute to our customers' growth.



## People

We are a team of passionate, values-driven people, working together to accomplish great things.



## Health & Well-being

Enjoy an inclusive work environment and a wide range of benefit options for you and your family to be healthy and plan for the future.



## Rewards & Recognition

Receive appreciation for your contributions and the opportunity to share financially and intrinsically in MSC's success.



## Growth

Access extensive growth opportunities, take risks and develop a rewarding career.

# CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this report may constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. The words “will,” “may,” “believes,” “anticipates,” “thinks,” “expects,” “estimates,” “plans,” “intends,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. In addition, any statements which refer to expectations, projections or other characterizations of future events or circumstances, statements involving a discussion of strategy, plans or intentions, statements about management’s assumptions, projections or predictions of future events or market outlook and any other statement other than a statement of present or historical fact are forward-looking statements. The inclusion of any statement in this report does not constitute an admission by MSC or any other person that the events or circumstances described in such statement are material. In addition, new risks may emerge from time to time and it is not possible for management to predict such risks or to assess the impact of such risks on our business or financial results. Accordingly, future results may differ materially from historical results or from those discussed or implied by these forward-looking statements. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. Additional information concerning risks affecting the forward-looking statements made in this report are described under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual and Quarterly Reports on Forms 10-K and 10-Q, respectively, and in the other reports and documents that we file with the United States Securities and Exchange Commission. We expressly disclaim any obligation to update any of these forward-looking statements, except to the extent required by applicable law.