

2023 NN, INC.

Sustainability Report



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NN is excited about our company’s journey to become a more energy-efficient and carbon-neutral company. In 2023, we launched or continued several projects focusing on operational efficiency. We made significant progress on our LED lighting project in France, which is now at 70% completion and is estimated to conserve 150,000 kilowatt hours per year once complete. Other initiatives you will read about in this report include replacing machines with more energy-efficient ones and adjusting maintenance schedules to reduce energy usage.

Building upon our 2022 improvements, we estimate these efforts will reduce our total energy consumption by an additional 450,000 kilowatt hours annually, which will help us achieve our 2030 target to reduce Scope 1 and Scope 2 emissions by 30%. We also rationalized our manufacturing footprint in 2023, completing the construction of a more modern facility in Brazil; consolidating operations in Ohio, Massachusetts, and Michigan; and closing our plant in California. These reductions helped offset some inefficiencies and growth-related increases we saw during the year as we began to ready our operations to execute on what became a

record number of new business wins for the company in 2023.

As we continue to expand our sustainability program, we are exploring even more energy efficiency projects—large and small—across our global operations.

Beyond our energy reduction initiatives, we are also proud of the investments made in our people. In 2023, we delivered over 158,000 hours of training content across a variety of topics, including safety, compliance, and on-the-job skill training. Moreover, we are working to build a more inclusive culture at NN, one that invites diversity of background, thought, and experience that helps our organization better innovate and grow.

In the spirit of continuous improvement, we are always seeking out ways to be better stewards of the resources entrusted to us, including ways to make our own facilities better and our culture more diverse and inclusive.

To that end, our new Chief Operating Officer, Tim French,

LETTER FROM OUR CEO, cont' d.

and I launched a listening tour upon joining the company in 2023, committing to visit every manufacturing facility and engage with top customers each year to gain perspective on the company and how we can better partner moving forward.

In alignment with our core values, we look to incorporate sustainability initiatives that are important to key stakeholders into our company's actions—because when our customers, employees, and planet win, we all win.

Regards,

Harold Bevis
President and CEO



MISSION
To provide high-quality products and superior customer service that continuously exceed our customers' expectations while providing enhanced value for our stakeholders

VISION
To be the leading manufacturer of high-performance precision components

CORE VALUES

- ▶ To demonstrate ethical behavior in every aspect of our business
- ▶ To ensure a safe and inclusive work environment for our employees where diversity is welcomed
- ▶ To empower employees to do their best by recognizing innovation and superior performance
- ▶ To promote personal responsibility at every level
- ▶ To serve as a good corporate citizen in the communities in which we operate
- ▶ To invest in our customers' success



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WHO WE ARE

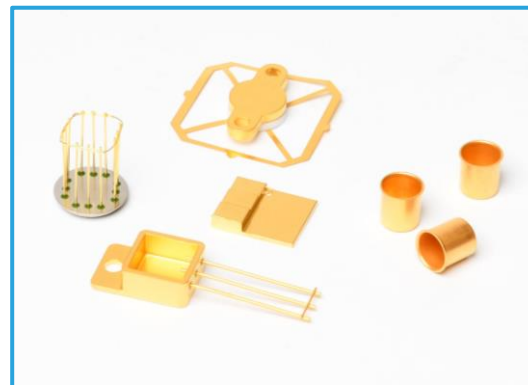
A full-service manufacturing solutions partner, NN provides a broad range of precision metal and plastic components and assemblies to the electrical, automotive, medical, general industrial, and aerospace and defense markets.



As a diversified industrial manufacturer, NN prides itself on its global reach and significant impact in the industry. Our facilities are equipped with advanced technologies and adhere to the highest standards of quality and efficiency.



NN is publicly traded (NASDAQ: NNBR), with 2022 revenues of \$489M. Based in Charlotte, North Carolina, NN employs more than 3,100 employees across North America, South America, Europe, and Asia who proudly serve our customers around the world.



Our in-house engineering expertise encompasses a comprehensive range of solutions and process technologies, giving us an unparalleled ability to co-design and repeatably manufacture products that meet each customer's unique needs.

A GLOBAL PARTNER

3,100

EMPLOYEES
WORLDWIDE

27

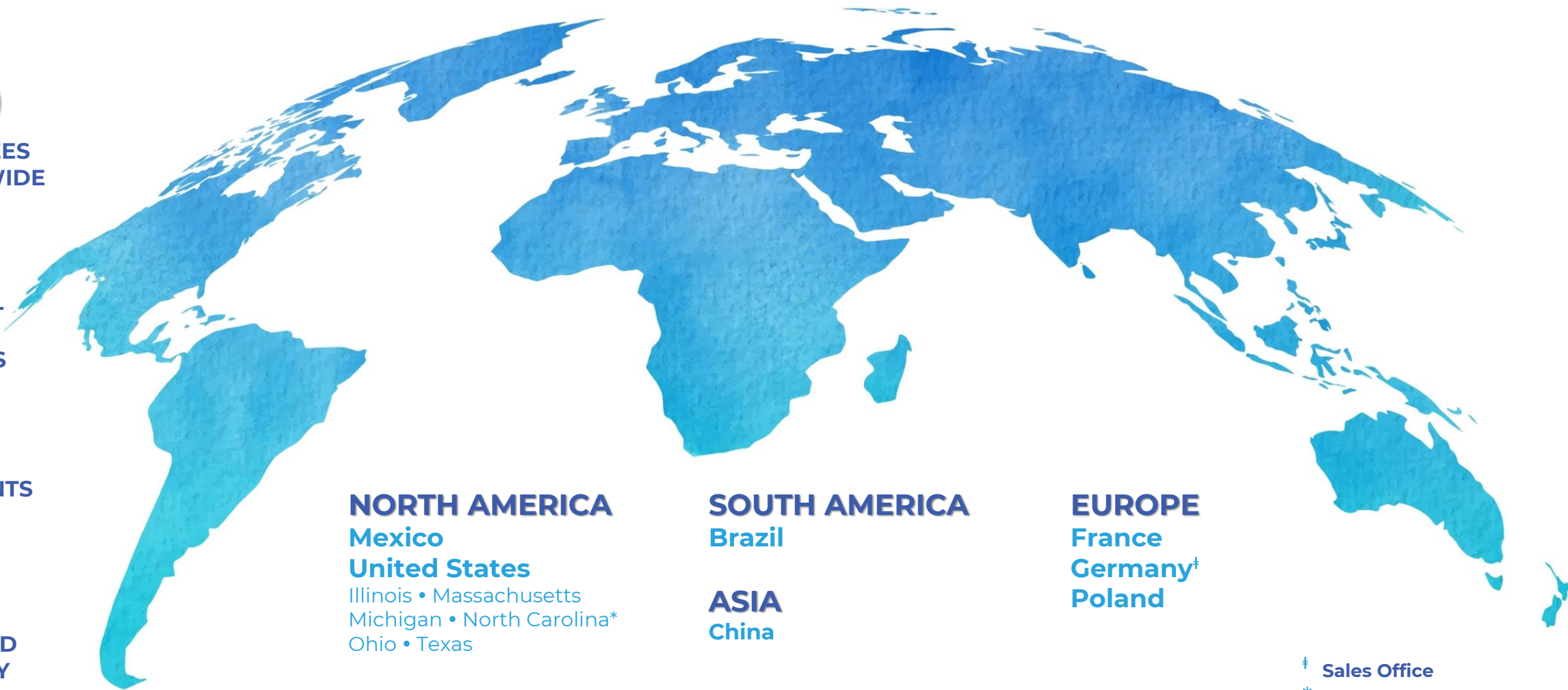
STATE-OF-
THE-ART
FACILITIES

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2B+

PARTS
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ANNUALLY



NORTH AMERICA

Mexico
United States
Illinois • Massachusetts
Michigan • North Carolina*
Ohio • Texas

SOUTH AMERICA

Brazil

ASIA

China

EUROPE

France
Germany†
Poland

† Sales Office
* Corporate Office

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HISTORY

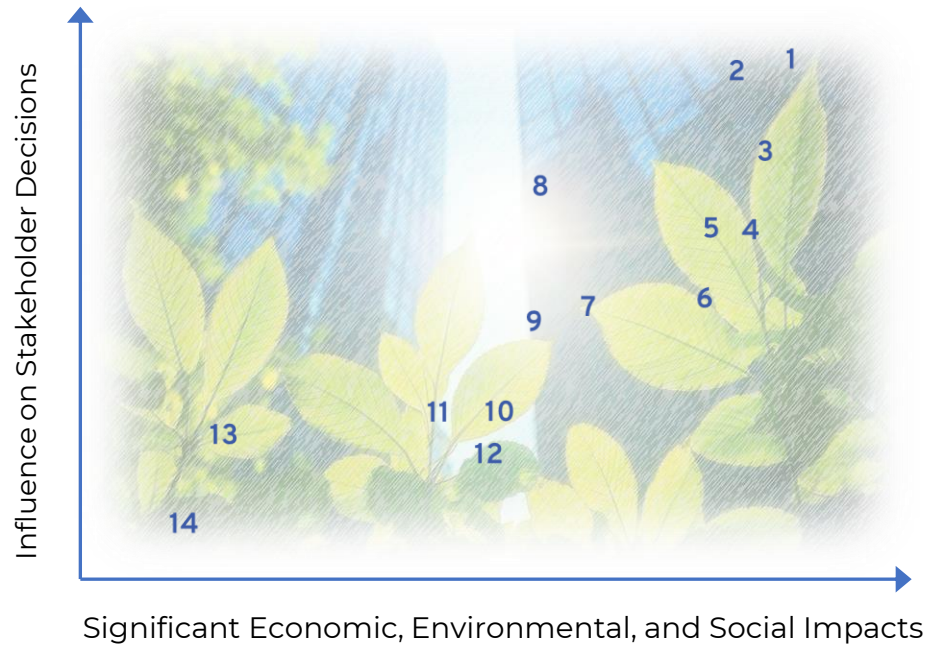
In 2021, we engaged formally with stakeholders utilizing the framework and assessment topics of the Task Force for Climate-related Financial Disclosures (TCFD) and the Value Reporting Foundation SASB Standards (SASB) to develop our global sustainability strategy. We established four pillars that serve as the foundation for our ongoing sustainability strategy: Prioritizing People, Operating Sustainably, Delivering Sustainable Components, and Managing Our Business.

In developing this sustainability strategy, we conducted a comprehensive materiality assessment to identify our most significant economic, environmental and social impacts. We engaged with employees, members of the NN, Inc. Board of Directors, customers, shareholders and community groups to determine the topics most important to our stakeholders. This information was assessed utilizing materiality topics of established industry frameworks such as SASB, TCFD and UN Sustainable Development Goals (SDGs) and reviewing sustainability trends within our industry.



PRIORITIZING PEOPLE	OPERATING SUSTAINABLY	DELIVERING SUSTAINABLE COMPONENTS	MANAGING OUR BUSINESS
Continuously seeking to improve the health and well-being of our employees and the communities we serve	Serving as good stewards of the environment	Manufacturing sustainable, reliable precision products	Demonstrating ethical behavior in every aspect of our business
Employee Health & Safety	Climate Impact	Supply Chain Management	Governance & Business Ethics
Human Rights	Water & Waste Management	Product Quality & Safety	Management of the Legal & Regulatory Environment
Human Capital	Air Quality	Sustainable Products	Data Privacy & Security
Community Relations		Materials Sourcing & Efficiency	

Under the Governance Committee of the NN Board of Directors, we established the Sustainability Executive Council, which is led by our CEO and includes all senior executives. At the management level, we established the Sustainability Leadership Committee which includes representatives from each of the key functional areas within our organization. Together, these Sustainability Committees work together to execute NN’s sustainability strategy.



We conducted internal and external stakeholder interviews to gather insights on the most meaningful aspects of sustainability for this population. The results of this materiality assessment were used by the Sustainability Committees to determine our sustainability priorities. The material topics identified during this process enable our organization to prioritize our activities and provide meaningful sustainability disclosures.

We plan to regularly review and revise these areas of focus to ensure continued fit as our business evolves and grows.

MATERIALITY ASSESSMENT

The materiality assessment consisted of the following steps:

- ▶ Identifying sustainability topics relevant to our business
- ▶ Identifying internal and external stakeholders for engagement
- ▶ Engaging with stakeholders to rate the importance of sustainability topics to both NN’s business and stakeholder relationships

PRIORITIZING PEOPLE	OPERATING SUSTAINABLY	DELIVERING SUSTAINABLE COMPONENTS	MANAGING OUR BUSINESS
1 Employee Health & Safety	2 Climate Impact	7 Supply Chain Management	3 Governance & Business Ethics
4 Human Rights	6 Water & Waste Management	8 Product Quality & Safety	12 Management of the Legal & Regulatory Environment
5 Human Capital	11 Air Quality	10 Sustainable Products	13 Data Privacy & Security
9 Community Relations		14 Materials Sourcing & Efficiency	

- ▶ Prioritized topics based on stakeholder feedback and business context
- ▶ Developed the materiality matrix indicating our findings

The matrix reflects our most significant economic, environmental, and social impacts, determined through an intentional and focused review of our business and engagement with our stakeholders.

For more information on how NN defines materiality for purposes of our sustainability program, please refer to the description at the end of this report.

STAKEHOLDER ENGAGEMENT

In addition to the materiality assessment exercise and in alignment with our continuous improvement philosophy, the company engages regularly with key stakeholders in a variety of ways to ensure that we are exposed to diverse perspectives on business topics like sustainability. In 2023, NN’s newly-appointed CEO and COO undertook a listening tour of all company locations while engaging with the company’s

top customers, soliciting candid feedback on our company and how we can further enhance our value as a trusted business partner.

Stakeholder Group	Engagement Methods
Employees	Internal communications and training Materiality assessment participant
Customers	Direct engagement Materiality assessment participant
Investors	Direct engagement Materiality assessment participant
Board of Directors	Materiality assessment participant Regular engagement via quarterly board/committee meetings
Suppliers	Direct engagement
Community Organizations	Materiality assessment participant Outreach and support activities



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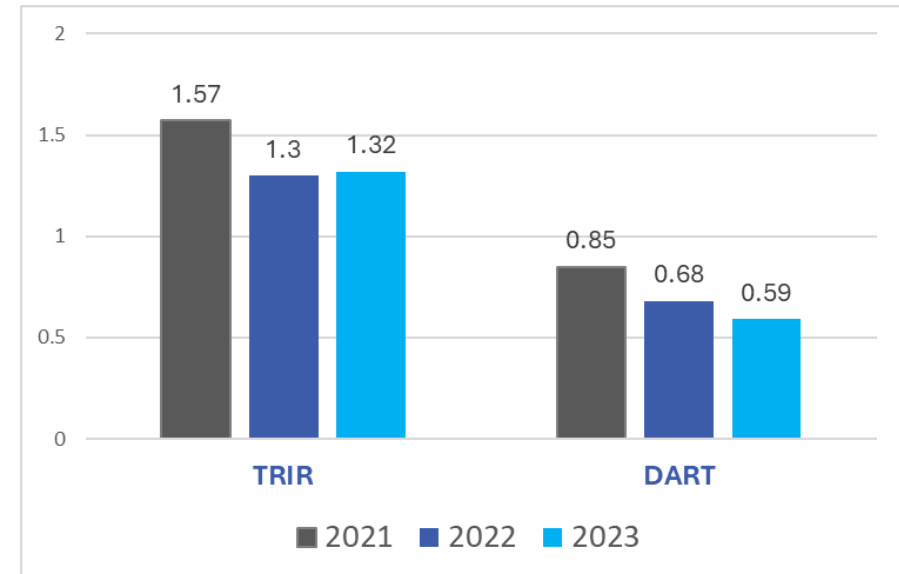
Our employees, families, and the communities in which we operate are at the heart of all we do. We acknowledge and embrace our duty as a company to create a safe, inclusive work environment, fostering a workplace culture that empowers every member of the NN team to do their best work. Moreover, our policies and practices conform to the provisions of the United Nations (UN) Universal Declaration of Human Rights, and we look for ways to give back to the communities that our employees call home.

EMPLOYEE HEALTH AND SAFETY

At NN, we comply with applicable laws and regulations and apply a continuous improvement mindset to keep employees healthy and safe at all of our sites, striving for zero occupational injuries and illnesses worldwide. When issues do occur, our reporting, treatment, and investigation procedures help return our team members to full health and duty quickly and help us develop safer practices going forward.

NN's annual safety goal is to reduce injury rates by 10% each

year for both Total Recordable Incidence Rate (TRIR) and Days Away, Restricted, or Transferred rates (DART). In 2023, TRIR saw a slight increase versus 2022, while DART continued to improve—we achieved a days-away rate improvement of 13% versus 2022. Both TRIR and DART performance continue to be favorable as compared to industry average, and four of our manufacturing sites had zero recordables in 2023.





We believe that our facilities' strong safety focus—including root cause analysis, kaizen, and continuous improvement activities—is the key to uncovering and addressing the underlying causes of workplace injuries and illnesses.

One of the tools we developed in-house is a root cause analysis (RCA) program that focuses on safety. This program, based on the 8D problem solving model commonly used in the automotive industry, is a structured approach to identify, correct, and eliminate recurring issues. The 8D RCA, which was piloted in 2020 and rolled out to all sites in 2022, provides more efficient health and safety monitoring, including both

incidents and near misses. This proprietary system collects information on the incident, its root cause(s), corrective actions taken, and any additional actions required to prevent recurrences. Throughout this period, NN has had no workplace fatalities, and continually seeks out opportunities to improve safety for all team members.

PEOPLE AND CULTURE

NN is fortunate to have more than 3,100 engaged team members around the world, supporting a culture of respect, continuous improvement, and customer focus. Our employees receive competitive salaries and benefits packages, and our global human resources team regularly reviews wage rates to ensure employees are paid at or above the level required in each geography. Qualifications, performance, skills and experience are the basis for recruitment, hiring, placement, development, training, compensation and advancement at the Company.

In addition, NN maintains programs through which employees may earn bonuses if the company meets goals at

PRIORITIZING PEOPLE, cont' d.

the site, group, and/or corporate levels, giving team members added incentive to work together to achieve success. Many of our sites also have individual employee recognition programs that vary by geography, such as service awards and employee of the month programs.

Our labor practices reflect NN's belief that employees deserve to be treated with respect and dignity; no forced labor, child labor, bonded labor, or human trafficking is tolerated in any of our global operations or among our supplier base. Further, we promote an ethical work environment reflecting the core values of our Company, and we embrace the diverse social customs and cultural traditions of our team.

To ensure that employees have the information they need to succeed in their roles, NN conducts regular plant communications, group operating reviews, and quarterly town halls led by senior leadership to discuss enterprise-level results and activities. We invite questions from team members and for the quarterly town halls we have established a forum where employees may post anonymous questions for leadership using a computer or mobile device.



TRAINING PROGRAMS

One of the most important investments we can make is in our employees—providing training content covering topics from developing and enhancing workplace skills to completing safety and compliance requirements. Training may be delivered in a number of ways, including classroom, online, and on-the-job. In 2023, training hours completed averaged 45 hours per employee. Beginning in 2024, we plan to improve training content tracking, to analyze the effectiveness of our training and leverage best practices.

PRIORITIZING PEOPLE, cont' d.

Included in this training total is what NN calls its Learn and Earn Program. This program involves partnerships with local schools, providing apprenticeships and cooperative education opportunities for students interested in machining, manufacturing, and maintenance roles. The program operates in various forms based on the partner school and each participating site's needs, allowing students to earn technical course credits or a degree while they work.

This “learning in context” provides skill paths that help employees develop relevant technical abilities through a

combination of academic and on-the-job experiences. Depending on the program, participants can prepare for machinist, technician or degreed engineering roles in as little as two to five years.

Below are examples of how a few of our programs are structured, from an apprenticeship earning a technical certificate while working full time to a co-op/internship featuring a full-time academic load culminating in the attainment of a four-year engineering degree.

	Apprenticeship	AMP*	Co-op/Internship
Work or School	Work full-time (40 hours)	Attend school full-time (9-16 credits)	Attend school full-time (9-16 credits)
NN Provides	Employment plus one group class one day per week	Part-time employment three days per week	Full-time work every other semester (total of three 4-month rotations)
Program Timeframe	Two years	Six semesters	Two years; eligible after sophomore year
Credit or Degree Requirements	None, but earn 27 articulated college credits after classroom hours completed	Pursuing a two-year degree (such as Tooling & Manufacturing Technologist)	Pursuing a four-year engineering degree

* **AMP** is NN's Advanced Manufacturing Partnership program

DIVERSITY, EQUITY, AND INCLUSION

NN values and supports diversity, equity, and inclusion (DEI). We are committed to promoting workplaces that are free from discrimination and harassment on the basis of race, sex, color, national origin, ethnicity, religion, age, physical or mental disability, sexual orientation, gender identification or expression, citizenship status, veteran status, marital status, genetic information, or any other status protected by law. Further, we look for ways to protect the rights of women and minority groups.

NN is a global company, and we strive to attract talent that is as diverse as the customers and markets we serve, because we believe the unique viewpoints shared by a diverse team bring out the best in all of us. It is important that all employees have fair access to organizational programs and opportunities, and that we foster an inclusive culture where each person is empowered to do their best work.

NN has committed to achieve diversity within the company, including among management roles, by 2030. While we are

Total Employees*



Managers and Above



* 2,926 full-time and part-time employees

a global company, we have focused our initial gender equity efforts on attaining the gender diversity level reported annually by the US Bureau of Labor Statistics' general US Manufacturing segment. For 2023, the BLS reported that females represented 30% of this population.

Overall, NN compares favorably, with 34% of all full-and part-time roles held by women globally. As our goal is to achieve this level within management roles as well, we still have work to do. In the last year, female managers increased from 20% to 23%. Our first step in this process has been to build a diverse candidate slate for all open roles, to help ensure a pipeline of diverse talent across the organization.



HUMAN RIGHTS

We maintain a comprehensive Human Rights Policy, which addresses workplace discrimination, DEI, working conditions, and freedom of association. NN directors, officers, employees, contractors, vendors, and suppliers are all expected to abide by this policy, irrespective of role or location. It prohibits discrimination based on gender, race, ethnicity, national origin, disability, religion, sexual orientation, and gender identity/gender expression. In concert with this, NN has a formal process for reporting any such concerns worldwide.

COMMUNITY ENGAGEMENT

Our teams participate in local events and volunteer opportunities to foster and maintain strong relationships with our local communities. Many NN sites participate in manufacturing consortiums to introduce middle, high school, and college students and their families to manufacturing and the range of career opportunities available in the industry. These partnerships allow students to experience the world of manufacturing while helping NN attract the next generation of talent.



PRIORITIZING PEOPLE, cont' d.

Other student-focused community events the NN team supported in 2022 include such programs as:

Discover Manufacturing Week: A pivotal initiative aimed at dispelling misconceptions about manufacturing, local manufacturers open their doors to the community, offering tours of their facilities, hosting open houses, organizing block parties and more. Discover Manufacturing Week stands out as West Michigan's premier event celebrating modern manufacturing, which brought over 200 students to NN facilities in 2023.

High School Worked-Based Learning: Work-based learning is a teaching strategy that combines classroom learning with real-world work experiences in a business or community organization. NN partnered with the local Career Tech Mechatronics program, hosting a student who worked onsite with our Machine Build team to gain experience in machine maintenance and repurposing, drawing in SolidWorks, and programming vision sensors.

Our Kentwood, Michigan facility also hosts a **scholarship program** in partnership with Grand Valley State University.





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OPERATING SUSTAINABLY

At NN, our approach to operating sustainably includes implementing policies and taking measures designed to minimize our impact on the environment and ensure that we operate responsibly. These efforts are championed by our senior leadership team, guided by a cross-functional Sustainability Leadership Committee, and actioned throughout the company by our global site teams.

CLIMATE IMPACT

Mirroring our 2022 activity, NN's 2023 climate impact assessment included Scope 1, Scope 2, and limited Scope 3 categories, such as fuel and energy-related activities and waste. Our 2023 emissions are summarized in the table at right and are expressed in metric tons of CO₂.

As part of this year's review, we discovered a few minor errors affecting the 2022 totals. The table on the following page shows the original and revised totals for 2022, as well as the 2023 totals by category. 2023 emissions increased approximately 3%, despite level revenue from year to year. This was largely attributable to growth-related items, such as

the installation and qualification of new machines and the introduction of processes supporting recent business wins. Having the 2022 baseline data for reference provided valuable insight into the drivers affecting emissions, including growth, mix shift, and process improvement opportunities. This knowledge will help us perform robust analysis in future reports and mitigate similar growth-related increases as we work toward our 2030 goal of achieving a 30% reduction in Scope 1 and Scope 2 emissions.

Emissions Category	Original 2022	Revised 2022	2023 MT CO ₂ e
Scope 1 Direct Emissions	6,000	6,000	7,000
Stationary Combustion			
Mobile Sources			
Refrigeration, AC, Fire Suppression			
Scope 2 Indirect Emissions	36,000	38,000	39,000
Purchased and Consumed Electricity			
Scope 3 Value Chain Emissions (limited assessment)	17,000	16,000	16,000
Fuel and Energy-Related Activities			
Waste			
Total Company Emissions	59,000	60,000	62,000

Totals may not be additive, due to rounding

We recognize that part of our sustainability strategy must be to reduce our own energy and water use, and to the extent feasible, minimize or eliminate the use of toxic chemicals and non-recyclable materials in our products. We are committed to responsible environmental management practices at all global sites, as we promote a culture of working together for a more sustainable world. To that end, we have widened our aperture to consider a variety of activities, including projects to maximize energy efficiency, responsibly manage chemical use, and improve waste, water, and air quality outcomes.

By conserving energy or utilizing renewable energy sources, we can positively impact our greenhouse gas (GHG) emissions, which benefits company profitability and helps create a greener future. Some of these activities include:

- ▶ Increasing tooling efficiency to make higher quality parts more quickly, reducing overall energy usage
- ▶ Converting conventional light bulbs to more energy efficient LED bulbs
- ▶ Installing more efficient wastewater treatment, mist collection, oil recycling systems, and air compressors

Even seemingly small actions can have a meaningful impact on our environment:

- ▶ Replacing manual light switches with motion sensors
- ▶ Fixing air, water, and oil leaks on individual machines
- ▶ Reminding employees to shut off radios, computers, and other devices when leaving work

A sample of worldwide 2023 activities is shown on the following pages, which are estimated to conserve over 450,000 kilowatt hours and 4,400 tons of steam per year.

Location	Energy Reduction Activity	Overview of Project	Estimated Annual Savings
Brazil	Air compression efficiency upgrades	Balanced generation between Plants 2 and 3 following opening of modernized third plant in Sao João da Boa Vista	15,000 kWh
	Captive energy swap	Renewable energy purchase contract	*
China	Adjust maintenance frequency	Optimize schedule to capture energy savings	120,000 kWh
	Reduce steam usage in plant	Implemented heat recovery system and replaced centrifugal water chiller	4,400T
France	Continue LED lighting upgrades	Begun in 2021, this project to replace all plant lighting with LEDs is 70% complete, and is scheduled to conclude in 2025	150,000 kWh
	Eliminate air leaks	Repaired over 150 air leaks	50,000 kWh
	Air compressor replacement	Replaced with energy-efficient compressor	40,000 kWh
	Electricity consumption program	Procedure implemented to automatically power down machines over the weekend, and adjust temperature settings for energy savings	75,000 kWh
Poland	Increase tool life	Adjusted parameters for a specific tooling to increase tool life and reduce cost and energy use	*

Total Estimated Emissions Savings Generated 2023

450,000 kWh and 4,400T steam

* Savings not yet calculated

OPERATING SUSTAINABLY, cont' d.

WASTE AND HAZARDOUS WASTE RECYCLING

Minimizing waste generation allows NN to reduce our environmental footprint. Our recycling programs focus on tracking and reducing the amount of scrap created, and selling the scrap that is produced to recycling firms.

In several facilities, we use oil in our machining process to provide lubrication and cooling, both critical to quality when producing tight-tolerance parts that are free of defects. As the oil is used, it is collected and recycled through a centrifuge filtration system that removes particles and contaminants, then funnels the cleaned oil back through the machine to be reused. This reduces the amount of waste requiring disposal. This year, our Poland plant also replaced the oil coolant in some of its machines with water-soluble emulsion coolant, which enhances cooling. What follows is a sampling of 2023 projects worldwide focused on waste reduction and recycling efforts.

Asia:

- ▶ Optimized chip briquetting machine settings for

improved oil reclamation

- ▶ Added a recycled oil filtration system, increasing recycled content and reducing hazardous waste disposal

Brazil:

- ▶ Switched aluminum sulfate to polyaluminum chloride, reducing sulfate emissions
- ▶ Reduced metal oil drum waste by using larger containers

Poland:

- ▶ Optimized bar length, reducing steel scrap/waste
- ▶ Reclaimed and recycled oil that meets operating parameters through improved filtration/cleaning efforts
- ▶ Replaced oil coolant with emulsion coolant on certain machines, reducing oil, filtration, and filter use

USA:

- ▶ Reduced scrap by 3.5% on \$7M of 2022 program launches
- ▶ Developed more efficient recovery for chips/cutting oil
- ▶ Updated filtration systems and chillers to more efficiently and precisely control temperature

WATER AND WASTEWATER MANAGEMENT

NN continues to emphasize water conservation. Our facilities work to minimize or eliminate unnecessary water usage and the creation of wastewater, where possible. Some of the actions already in place include:

- ▶ Conducting onsite inspections to ensure there are no leaks during operations
- ▶ Assessing and replacing water-intensive machines with more efficient equipment
- ▶ Optimizing equipment to conserve water and reduce wastewater during processes
- ▶ Communicating water-saving strategies to employees

In 2023, key efforts included the following:

Asia:

- ▶ Improved the capacity of onsite wastewater treatment equipment to reduce wastewater generated

France:

- ▶ Implemented a daily water consumption control process, so that leaks are caught and corrected quickly

AIR QUALITY

Maintaining safe air quality levels is more than a regulatory requirement; for us, it is an important part of our mission to minimize our company's environmental impact. Key actions in this area include the following:

- ▶ Phasing out chemicals, acids, and volatile organic compounds (VOCs) where possible, replacing them with safer, yet equally effective, alternatives
- ▶ Installing mist collectors where needed
- ▶ Revising chemical testing protocols so that we test chemicals only when they are to be used, thereby reducing overall use and onsite storage
- ▶ Utilizing a dashboard to manage chemicals brought onsite at our plating facility, to ensure that we are compliant with chemical quantities and air permit limits



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SUSTAINABLE PRODUCTS

NN recognizes that our future success depends on accelerated penetration into key growth markets, particularly in the electrical and medical industries. These opportunities allow us to collaborate with our customers and suggest ways to enhance product manufacturability, efficiency, and cost through material selection, scrap reduction, recyclability, shipping requirements, and other key parameters.

Many of these factors have an inherent sustainability impact. In 2023, we continued expanding our offerings into markets such as electrical, electric vehicle (EV), and universal automotive (components that can be used on any vehicle, irrespective of propulsion type), and in October we reentered the medical space. These expansion efforts will help us shift towards more sustainable markets, as approximately 50% of our 2023 new business wins were in electrical and EV, and an additional 20% of wins were in universal auto.

These efforts put our organization in a strong position to meet the needs of global customers across a diversified

portfolio, ensuring NN's continued resilience as we further innovate and develop solutions that are better for the planet.



MATERIALS SOURCING AND EFFICIENCY

NN is committed to sourcing all raw materials from conflict-free regions. In accordance with Section 1502 of the U.S. Dodd-Frank Act, we include a verification process to ensure all minerals are sourced from a pre-approved smelters list. Vendors that supply minerals are required to present appropriate documentation demonstrating this compliance.

Some of our North American sites evaluate supplier compliance, quality, and performance monthly, using a supplier self-assessment and scorecard. If a score indicates improvement is needed, NN engages with them to develop appropriate mitigation efforts.

We have also restructured the supply chain/procurement function globally, to centralize processes and leverage spend.

SUPPLY CHAIN MANAGEMENT

The success of our business relies both on our direct operations as well as our supply chain. As such, NN's suppliers are expected to comply with all provisions of NN's Code of Conduct and Ethics. As a global company that draws from a worldwide supply base, NN and its suppliers must abide by various environmental, social, and economic regulations and standards at both the domestic and international level. We manage risks and regulatory differences in our supply chain primarily through our policies and procedures, where we outline expectations for suppliers.





PRODUCT QUALITY AND SAFETY

At NN, quality and safety go beyond the testing of our products; rather, it is a behavior embedded in our culture, driving accountability at all levels. If there is an anomaly or deviation that an employee believes will negatively impact product quality or safety, that employee is empowered to stop the production line.

We also build regular audits into the early stages of product development to ensure quality and safety from the start. NN's goal is to provide customers with products that contain zero defects. We use a parts-per-million (PPM) indicator to monitor and track defects and set rigorous continuous improvement targets to help us achieve this goal.

Certifications are maintained by site, including the following certifications related to quality control and safety practices:

- ▶ IATF 16949: 16 sites
- ▶ ISO 13485: 4 sites
- ▶ ISO 9001: 11 sites
- ▶ ISO 14001: 5 sites
- ▶ NADCAP AC7108: 1 site
- ▶ NADCAP AC7004: 1 site



2023 SUPPLIER QUALITY AWARDS

Product quality remains an area of recognition from NN's customers, emphasizing our ability to deliver a broad range of high-precision products at high volume, with on-time delivery around the world. Two awards that highlight this ability are the awards earned by our Wuxi, China plant from two key global customers:

- ▶ \$47B DENSO Corporation, the second largest auto parts supplier in the world
- ▶ \$16B Nidec Corporation, the largest electric motor company in the world

NN's customers' products and systems are used in the China auto production industry for fuel systems, power steering, powertrains, and transmissions.



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MANAGING OUR BUSINESS

We conduct every aspect of our business ethically, and we always strive to do the right thing. An ethical approach is the key to our sustainable future, and we have made our commitment to sustainability a priority throughout our company. Employees at all levels of the organization are expected to uphold NN’s ethical standards. This commitment to doing the right thing is integral to our success.

BOARD OF DIRECTORS OVERSIGHT

The Board and its Governance Committee are responsible for overseeing the strategy and policies related to sustainability. The executive leadership team provides updates to the Board on a quarterly basis regarding current sustainability activities.

Our Board recognizes that sustainability is important to long-term shareholder value and is committed to increased focus and disclosure on these matters. We endeavor to conduct business in a manner that promotes the fair and just treatment of all people. We further acknowledge our potential impact on the environment and are committed to operating responsibly to help reduce that impact. In all

aspects of our operations, we seek to conduct business in a way that reflects integrity and the high standards we have set for ourselves.

The Board’s diverse experience, knowledge, and professional judgement allows NN to draw upon broader and deeper insights to achieve our strategic objectives. Our Board brings key expertise in the areas of electric grid, automotive, aerospace and defense, leadership, strategic planning, M&A, capital markets, and technology.





The Board regularly performs various governance and benchmarking reviews as part of its commitment to operate consistently with best practices in corporate governance. It performs benchmarking across companies of similar size within the industry and recognized the opportunity to enhance the Board's efficiency by reducing the size of our directorship from nine to seven in August 2023.

This smaller, more efficient Board reduces corporate costs while maintaining the independence and experience needed to guide our management team and drive value creation for our shareholders.

GOVERNANCE AND BUSINESS ETHICS

NN's commitment to doing business the right way starts at the highest level of leadership and cascades throughout the company. We expect all directors, officers, and employees to act with integrity when conducting business, and our Code of Conduct and Ethics serves as the standard for all. The code is reviewed annually and was refreshed in 2022 to make it more accessible and adding topics such as sustainability, environmental stewardship, and cybersecurity.

We also updated our Whistle Blower Policy and Non-Retaliation Policy in 2022 to further enhance our conflict resolution process. This procedure ensures an easily accessible and safe platform to report suspected ethical violations and resolve concerns. It also facilitates incident monitoring so that concerns are investigated and addressed

28.5%

**2 OF 7 WOMEN
ON THE BOARD**

28.5%

**2 OF 7 MINORITIES
ON THE BOARD**

85.7%

**INDEPENDENTS
ON THE BOARD**

fairly and promptly.

Employees know they can share feedback, concerns, or suspected violations of law or company policy through the whistle blower hotline, directly to the Audit Committee, or to members of management. NN prohibits retaliation against any employee who engages in this process in good faith.

MANAGEMENT OF THE LEGAL AND REGULATORY ENVIRONMENT

As a global manufacturing company, NN faces a complex legal and regulatory environment that varies by geography. For that reason, we have developed systems to support compliance with all current applicable legal and regulatory requirements and monitor emerging regulations that have the potential to impact our business.

As part of our regulatory management program, we conduct annual audits to ensure our facilities have all necessary local, state, and federal environmental and operating permits. As part of these audits, we often share best practices from the

Industry or other NN facilities that can further that site's efforts.

We launched an Enterprise Risk Management (ERM) process in 2023 to analyze areas of risk across the company to further our audit efforts. This process is spearheaded by Internal Audit with the input of senior business and functional leaders in each geography, and the results are presented to the Board annually.

BUSINESS CONTINUITY AND RESILIENCE

NN reviews its processes and policies periodically to ensure that the company is prepared to take appropriate measures to support business continuity during challenging times.

This review encompasses emergency response, pandemic preparedness, and contingency plans. We further intend to craft a single business continuity plan to address these topics in a consistent manner worldwide.

DATA PRIVACY AND SECURITY

NN operates an extensive data security program, which includes annual compliance audits and gap analyses against new and existing privacy legislation. We also take steps to ensure employees are equipped to identify email phishing and social engineering attempts. A third-party firm conducts monthly phishing drills and regular employee training.

Employees who fail these drills must complete additional training. Through our data security program, we utilize recognized guidelines and maintain compliance with all applicable legislation in the locations in which we operate. NN uses NIST guidelines to strengthen our security program, while also following legislation such as the EU General Data Protection Regulation (GDPR), California Consumer Privacy Act (CCPA), China Personal Information Protection Law (PIPL), and the Brazilian General Data Protection Law (LGPD). We continually monitor and update our policies as new regulations and industry best practices develop. To spread awareness and facilitate continuing education for employees, we also address data privacy and security topics during quarterly town hall meetings.



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LOOKING FORWARD

OUR COMMITMENT TO THE FUTURE

We are continuously seeking ways to advance efforts within our four sustainability pillars—prioritizing people, operating sustainably, delivering sustainable components, and managing our business. For 2023, we focused on the following goals, originally identified in 2022:

Prioritizing People

Our company benefits from having diverse populations within our company, bringing unique perspectives and thinking to the organization. We believe a diverse, fair, and inclusive workplace positively impacts business growth and encourages innovation, talent, and engagement. To that end, **NN has committed to achieve diversity within our organization, including among management roles, by 2030.** While there is still work to be done, we have begun to lay the foundation to attain intentional representation of a diverse workforce at all levels of the organization, enabling us to think more broadly and helping us better serve each of our stakeholder groups.

Operating Sustainably

Though the results of our second carbon footprint assessment show there is room for improvement as we work to **achieve a 30% reduction in Scope 1 and Scope 2 emissions by 2030**, this year's activity helped us identify drivers affecting emissions, including growth, mix shift, and inefficiencies. This knowledge will help guide our future efforts in this area.

LOOKING FORWARD, cont' d.

SUMMARY OF 2023 ACTIVITIES

We are proud of our 2023 sustainability efforts and look forward to sharing our continued progress toward our stated sustainability goals.

Prioritizing People:

- ▶ Decreased our Days Away, Restricted, or Transferred (DART) by 13% in 2023 as compared to 2022.
- ▶ Continued to develop a pipeline of qualified, diverse team members by ensuring a diverse candidate slate for all open roles.

Operating Sustainably:

- ▶ Implemented several facility-level energy initiatives, including energy efficiency upgrades through equipment, lighting, and procurement of renewable energy.
- ▶ Conducted waste initiatives related to improved recycling, optimized processes, and alternative chemical sourcing.

- ▶ Increased the capacity of onsite wastewater treatment, reducing wastewater sent offsite

Delivering Sustainable Components:

- ▶ Continued expansion of our offerings into the electrical, electric vehicle, and universal auto market segments.
- ▶ Received recognition in Wuxi, China for our excellent quality performance in 2023, including awards from DENSO and Nidec.

Managing our Business:

- ▶ Managed corporate costs and aligned with governance best practices, reducing the size of our Board from nine directors to seven.
- ▶ Conducted reviews of key policies, such as the Code of Conduct and Ethics, Whistle Blower, and Non-Retaliation Policy, and shared these with our global team.
- ▶ Engaged our Board, leveraging their strategic expertise on relevant topics in key markets.

A NOTE ON MATERIALITY

While certain matters discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with the U.S. federal securities laws and regulations. We use the definition of materiality established under U.S. federal securities laws for the purposes of complying with the disclosure rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC) and applicable stock exchange listing standards. However, in our voluntary sustainability disclosures, including those that relate to our climate change-related efforts, we have adapted our approach to materiality based on both the subject matter and purpose of the disclosures. In particular, our approach to these voluntary disclosures often considers broader definitions of materiality promulgated by certain external frameworks and reporting guidelines that take into consideration a wider range of factors relevant to climate and ESG disclosures. For the purposes of discussing climate risks and opportunities in this report, we use an approach to materiality that is consistent with the TCFD recommendations. This approach means that this report and many of our other voluntary disclosures capture details on sustainability issues, including climate-related risks and opportunities that may not be, and are not required to be, incorporated into our required disclosures

with the SEC. Our approach to materiality in this report and other voluntary sustainability disclosures also means that statements made in this report and in our other voluntary disclosures use a greater number and level of assumptions and estimates than many of our required disclosures. These assumptions and estimates are highly likely to change over time, and, when coupled with the longer time frames used in these voluntary disclosures, make any assessment of materiality inherently uncertain. As a result, we expect that certain disclosures made in this report and our other voluntary sustainability disclosures are likely to be amended, updated, or restated in the future as the quality and completeness of our data and methodologies continue to improve. Therefore, the information relating to the Company in this report should not be read as a characterization regarding the materiality or financial impact of such potential risks and such other information for purposes of applicable securities laws or any other laws of the United States. For a discussion of risks that NN has determined could be financially material, please see “Risk Factors” and other sections in and exhibits to our Form 10-K, as well as any such risk factors and other sections in and exhibits to our subsequent Form 10-Q and other filings that we make with the SEC.



**BEYOND
RELIABLE.**