

**NN, INC.**

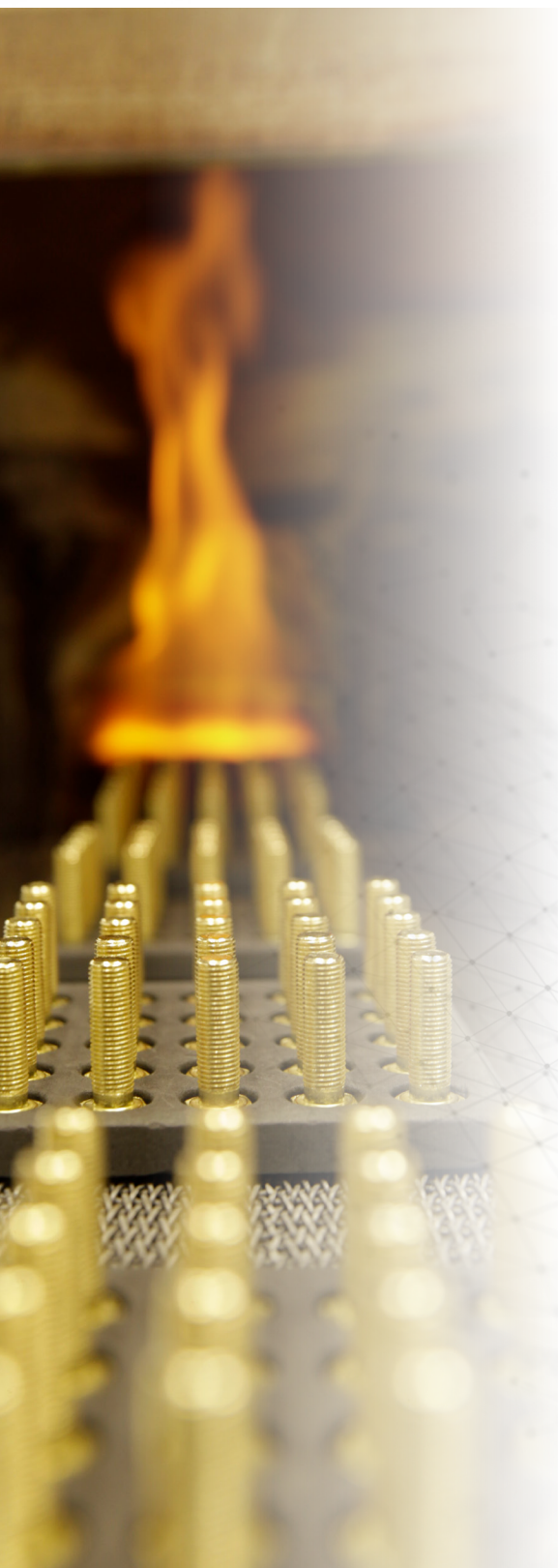
INSPIRED BY INNOVATION

**SUSTAINABILITY  
REPORT**

2021



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# LETTER FROM OUR CEO

**Over the last two and a half years, NN, Inc. (NN) has made a number of changes to better serve its customers and provide greater value to stakeholders.**

We have reconstituted our management team and Board of Directors, strengthened our balance sheet and improved our capital structure. Further, we have refocused our business on key end markets where we believe NN is uniquely positioned to drive synergistic opportunities for growth—in particular, the electric vehicle market and the modernization of the power grid. We are well-positioned to achieve our long-term objectives and are genuinely excited for what that execution will mean for our employees, investors, customers and the communities we serve.

At the same time, there are a number of things that have not changed. The topic of sustainability is one that plays a prominent role on the corporate stage today, and with good reason—responsible stewardship of the environment and the resources that allow businesses to function profitably are some of the most important obligations a business has. In alignment with that belief, sustainability has long been a key to what we do here at NN.

When we made the decision to pursue CAFE (corporate average fuel economy) applications more than fifteen years ago, we recognized it as an opportunity to do our part to reduce greenhouse gas emissions while leveraging our high-precision capabilities. High pressure gasoline direct injection systems, electric motors, electronic power steering components, and similar components and assemblies formed the initial phase of our pursuit of a greener tomorrow, with the intention of having minimal impact on the environment. Every day, we are committed to finding more efficient and innovative methods to reduce, reuse, and recycle. In our view, improving quality to increase efficiency and reduce waste both drives down cost and makes NN a better company. Our focus on quality results in less sorting, reduced scrap and a higher first-pass yield. Similarly, by prioritizing people, we have happier, safer and more productive employees—many of whom choose to build long-term careers with us.

We also believe that diversity plays a powerful role in our success. Whether that diversity is a product of race, ethnicity, culture, gender, or sexual orientation, we appreciate the unique perspectives and diversity of thought each member of the team brings to the conversation. This belief forms the backbone of our core values which, along with our mission and vision statement, define how we conduct business as a company. Our new Board of Directors serves as an excellent example of this; under the leadership of Chairman Jeri Harman, NN's expanded Board draws insight and thought leadership from relevant industry leaders with diverse backgrounds and experiences.

Whether you consider NN's focus on safety, our continuous improvement activities or our entrepreneurial culture, the building blocks of stewardship and sustainability have been an integral part of the day-to-day operations here at NN since we made our first part. We look forward to sharing our focus with you in the pages of our inaugural sustainability report and hope you will join us on our journey in the years to come.



**WARREN  
VELTMAN**  
President and CEO



# NN OVERVIEW

Global Manufacturing Platform

## ABOUT NN

NN is a diversified industrial manufacturer of high precision metal and plastic components and assemblies.

We combine advanced engineering and production capabilities with materials science expertise to design and manufacture high-precision components and assemblies for a variety of markets on a global basis. Headquartered in Charlotte, North Carolina, NN employs more than 3,400 employees across North America, South America, Europe and Asia, who proudly serve customers around the globe with high quality precision solutions.



**31** facilities in **6** countries

**4**

Continents

**3,400**

Employees

**NNBR**

NASDAQ Ticker

**\$478mm**

2021 Revenue

**At NN, we are the combined experience of a global team, united in purpose to help our customers succeed.**

We are the result of our team's curiosity, fueling innovation that drives new thinking around product design and manufacturing processes. We are the product of focus, expert knowledge and skill. Simply put, we are the expression of our team's passion, delivered with quality and precision, and inspired by innovation.

NN manufactures products for the following industries:



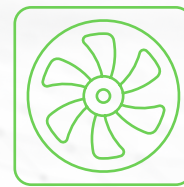
**Aerospace & Defense**



**Automotive**



**Electrical**



**General Industrial**



**Medical**



# SUSTAINABILITY STRATEGY

## SUSTAINABILITY—INSPIRED BY INNOVATION

In 2021, we engaged with our 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 sustainability strategy. As we look to implement our strategy in 2022, we will marshal our resources to continue to develop innovative solutions to sustainability.

Prioritizing People	Operating Sustainably	Delivering Sustainable Components	Managing Our Business
<p><b>Continuously seeking to improve the health and well-being of our employees and communities we serve</b></p> <ul style="list-style-type: none"> <li>Employee Health &amp; Safety</li> <li>Human Capital</li> <li>Human Rights</li> <li>Community Relations</li> </ul>	<p><b>Serving as good stewards of the environment</b></p> <ul style="list-style-type: none"> <li>Climate Impact</li> <li>Waste &amp; Hazardous Waste Recycling</li> <li>Water &amp; Wastewater Management</li> <li>Air Quality</li> </ul>	<p><b>Manufacturing sustainable products inspired by innovation</b></p> <ul style="list-style-type: none"> <li>Sustainable Products</li> <li>Materials Sourcing &amp; Efficiency</li> <li>Supply Chain Management</li> <li>Product Quality &amp; Safety</li> </ul>	<p><b>Demonstrating ethical behavior in every aspect of our business</b></p> <ul style="list-style-type: none"> <li>Governance &amp; Business Ethics</li> <li>Management of the Legal &amp; Regulatory Environment</li> <li>Data Privacy &amp; Security</li> </ul>

## ESG MATERIALITY ASSESSMENT

In developing our sustainability strategy, we conducted a comprehensive ESG materiality assessment to identify our most significant economic, environmental and social impacts.

We engaged with employees, NN Board members, 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.

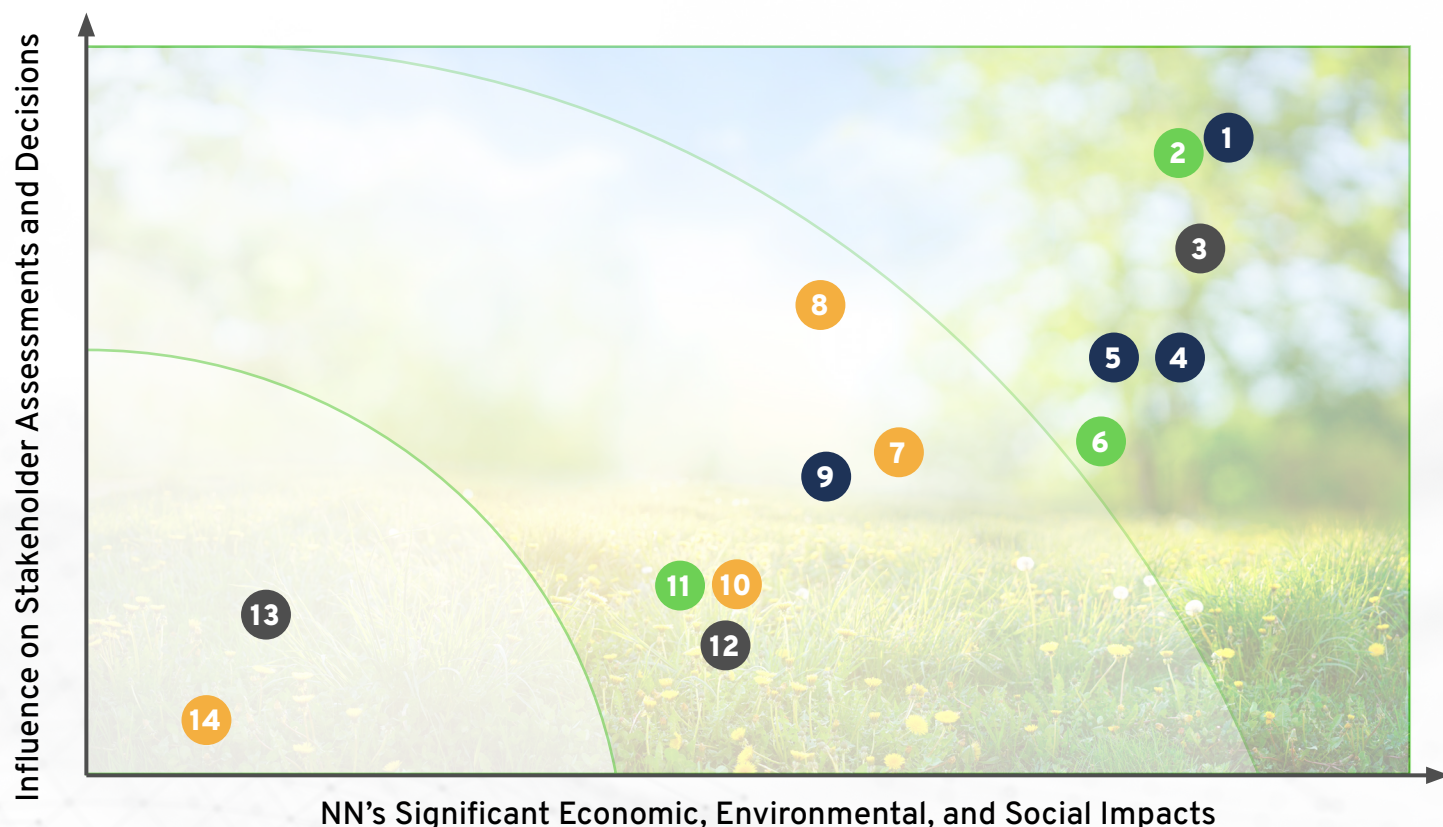
Under the Governance Committee of the NN Board of Directors, we established the NN Sustainability Executive Council led by our President and CEO and including all of our senior executives. At the management level, we established the ESG Leadership Committee which includes management representatives from each of the key functional areas within our organization that will be responsible for executing on our sustainability strategy.

In addition to our NN Sustainability Executive Council and ESG Leadership Committee (collectively, the ESG Committees), we conducted internal and external stakeholder interviews to gather insight on the most meaningful aspects of ESG. The results of our ESG materiality assessment were presented to the ESG Committees to determine our ESG priorities. The material ESG topics identified during this process enable our organization to prioritize our investments and actions and provide meaningful disclosures throughout this report. We intend to regularly review and update our ESG priorities on an ongoing basis to ensure they continue to reflect our evolving business operations.

Please view our ESG Materiality Assessment Matrix on the next page.

# SUSTAINABILITY STRATEGY (CONT.)

## ESG MATERIALITY ASSESSMENT



Prioritizing People		Operating Sustainably		Delivering Sustainable Components		Managing Our Business	
1	Employee Health & Safety	8	Product Quality & Safety	9	Community Relations	10	Sustainable Products
2	Climate Impact	10	Air Quality	11	Management of the Legal & Regulatory Environment	12	Data Privacy & Security
3	Governance & Business Ethics	12	Materials Sourcing & Efficiency	13		14	
4	Human Rights						
5	Human Capital						
6	Water & Wastewater Management						
7	Waste & Hazardous Waste Recycling						
	Supply Chain Management						

### 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 ESG 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 ESG issues, including climate-related risks and opportunities that may not be, and are not necessary to be, incorporated into our required disclosures with the SEC. Our approach to materiality in this report and other voluntary ESG 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 ESG 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.



# PRIORITIZING PEOPLE

At the heart of our organization are our employees, families, and the communities in which we operate. It is our duty as a company to create a safe and inclusive work environment, treat employees ethically, and foster a workplace that empowers every member of the NN team to do their best work. We also look for ways to give back to our communities, whether as a company or individually.

## EMPLOYEE HEALTH & SAFETY

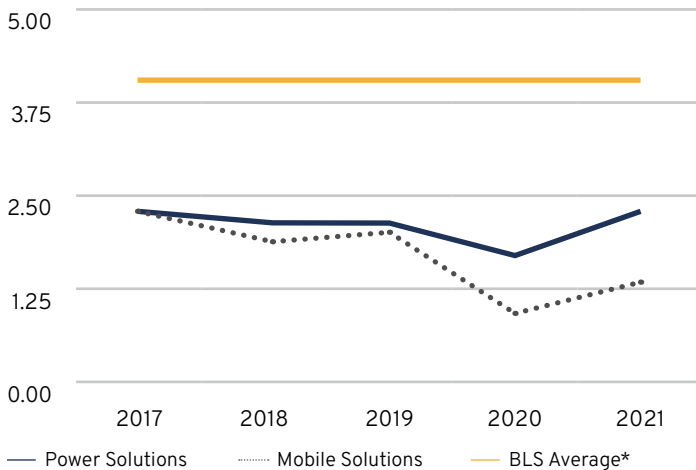
NN is committed to the health and safety of all employees, as it is only through our people that we are able to execute our mission to provide high-quality products and superior customer service that continuously exceed our customers' expectations. NN's senior leadership team oversees health and safety programs organizationally, and we discuss the safety performance of our sites and groups at every internal operating review and town hall meeting.

Employees also share responsibility for maintaining a safe and healthy workplace by adhering to NN's Environmental, Health and Safety (EHS) policies. Each facility has a dedicated health and safety representative who works closely with the site's plant manager to ensure relevant EHS training, systems, and procedures are administered appropriately and consistently.

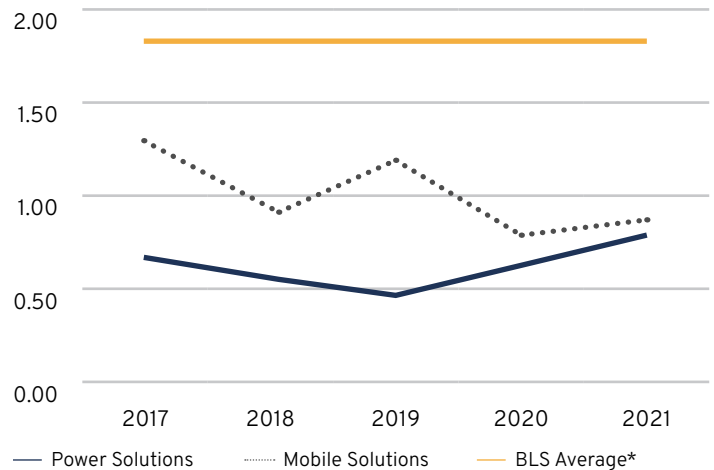
All NN offices and six manufacturing locations between our Mobile Solutions and Power Solutions Groups achieved zero lost-time incidents in 2021. For the 2021 fiscal year, each group's goal was to reduce the total recordable incidence rate (TRIR) by 10% versus the group's three-year average or be in the top 25% of an identified industry average. For consistency, both groups used the Precision Turned Part Manufacturing industry's comparator data (NAICS 332721). In 2021, Mobile Solutions achieved its 10% reduction target; Power Solutions did not. For the last five years, however, both Mobile Solutions and Power Solutions have consistently outperformed the industry average for total recordable incidence rate (TRIR) and total days away, restricted, or transferred rates (DART) as compared to the aforementioned US Bureau of Labor Statistics data. We attribute this performance to our strong site-level safety focus, including root cause analysis (RCA), kaizen, and continuous improvement activities, which help us better understand how workplace injuries and illnesses occur, and how they can be mitigated or eliminated.



5-YEAR TOTAL RECORDABLE INCIDENCE RATE (TRIR)



5-YEAR DAYS AWAY, RESTRICTED, OR TRANSFERRED INCIDENCE RATE (DART)



Throughout the COVID-19 pandemic, we have prioritized the health and safety of our employees while serving the needs of our customers. In 2021, we continued to employ safety programs and protocols designed to limit the risk of COVID-19 transmission among our employees. These included social distancing, face coverings and other physical barriers, enhanced safety and hygiene protocols, and additional safeguards. NN strongly encourages vaccination and the use of face coverings; some of our plants offered onsite vaccination clinics for employees or partnered with local health departments to improve employees' access to vaccines.

\* BLS Average: US Bureau of Labor Statistics 5-year average (2016 – 2020) for the Precision Turned Part Manufacturing industry

# PRIORITIZING PEOPLE (CONT.)

## HUMAN CAPITAL

NN's success is due in great part to the dedication and engagement of more than 3,400 global team members, and we ensure that we take time to listen to employees' suggestions, answer their questions, and gather their perspectives on relevant Company activities.



Further, we are committed to offering competitive compensation and benefits, and we review these programs regularly to verify that employees are rewarded in alignment with the market in their geography. Many of our employees also participate in a quarterly or annual incentive program, which aligns with annual objectives at the site, group, and/or corporate level.

To ensure that our employees have the information they need to do their jobs effectively, NN conducts regular plant communication meetings. We also host biweekly group town hall calls, and Company-wide quarterly town halls led by the executive team to discuss enterprise-level results and activities. We invite questions from all team members and have established a forum where employees may post questions for leadership via the web or a mobile device.

Many of our sites utilize additional programs to recognize various team members; these may include service awards or other recognition activities. One activity all US sites participate in annually is our Veterans Day celebration, where we recognize employees that are serving or have served in a branch of the US military. In 2021, approximately one hundred employees were recognized for their current or past military service with a challenge coin that NN commissions each year.



## Part of our investment in our employees—as well as in our future—is NN's Learn and Earn Program.

This program involves partnerships with local schools to provide 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 the site's needs, but in general it allows participants to earn technical course credits or a degree while they work. This "learning in context" provides a variety of paths that help employees develop technical skills 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 focusing on earning a technical certificate while working full time to a co-op/internship that features a full-time academic load culminating in a four-year degree:

Apprenticeship	AMP	Co-op / Internship
<ul style="list-style-type: none"> <li>• Full-time work (40 hours)</li> <li>• Cohort class style (1 day/week)</li> <li>• 2 years in class</li> <li>• 27 credits (articulated)</li> </ul>	<ul style="list-style-type: none"> <li>• Full-time school (9–16 credits)</li> <li>• Part-time work (3 days/week)</li> <li>• 6 semesters</li> <li>• Associates degree (Tooling &amp; Mfg Tech)</li> </ul>	<ul style="list-style-type: none"> <li>• Full-time school (9–16 credits)</li> <li>• Semester work (3) 4-month rotations</li> <li>• Eligible after sophomore year</li> <li>• Degreed engineer</li> </ul>

AMP: Advanced Manufacturing Partnership



# PRIORITIZING PEOPLE (CONT.)

## HUMAN CAPITAL

### DIVERSITY, EQUITY, AND INCLUSION (DEI)

#### NN values and promotes diversity, equity, and inclusion.

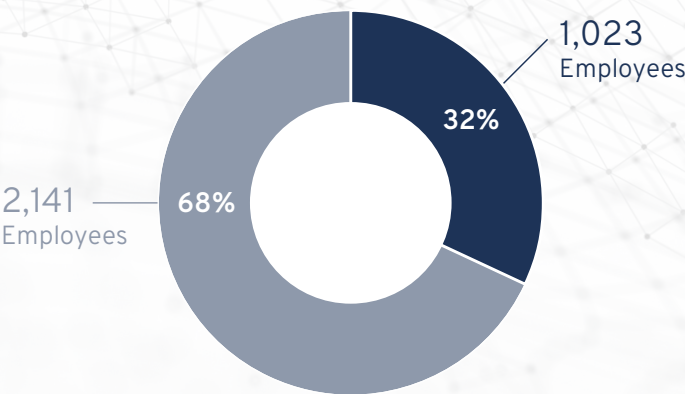
We are committed to maintaining workplaces that are free from discrimination and harassment on the basis of race, sex, color, national origin, ethnicity, religion, age, physical or mental disability, sexual orientation, gender identification or expression, citizenship status, veteran status, marital status, genetic information, or any other status protected by applicable law. 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 workforce bring out the best in all of us.

We are at the start of our DEI journey, and look forward to sharing updates in future reports on our successes in attracting diverse talent across our global footprint, ensuring that all employees have fair access to programs and opportunities within the Company, and promoting an inclusive culture where each member of the team is encouraged and empowered to do their best work.

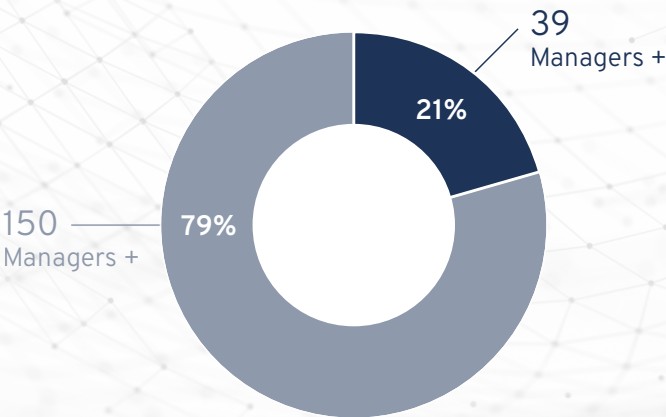


### GLOBAL WORKFORCE SNAPSHOT

TOTAL EMPLOYEES\*



MANAGERS AND ABOVE



\* 3,164 full-time and part-time employees  
For DEI metrics related to our Board of Directors, please refer to the Board of Directors section on page 13.

# PRIORITIZING PEOPLE (CONT.)

## HUMAN RIGHTS

We respect the value and dignity of each individual, and do not tolerate human rights abuses in any part of our business or at companies with whom we do business. Our commitment applies to everyone involved in our operations, including employees, contractors, suppliers and customers. Given our global nature and diverse customer base, we recognize our responsibility to uphold the highest human rights standards within our own operations and avoid contributing to human rights infringements within our supply chain. When we value every individual with whom we engage, in all areas and at all levels, it makes us a better company. Our [Human Rights Policy](#) embodies our commitment to respect human rights. The policy includes our expectations related to workplace discrimination; diversity, equity, and inclusion; workplace conditions; and freedom of association.

## COMMUNITY RELATIONS

NN strives to play an active role in the communities in which it operates. Despite the effect that the COVID-19 pandemic has had on public gatherings, NN continues to support local events when we can do so safely. Activities range from those supporting small community organizations to nationally-recognized events, with an emphasis on those that align with NN's mission, vision, and core values. One such example is NN's partnership with Grand Valley State University (GVSU), where support extends beyond scholarships and internship opportunities to sponsorship of FIRST Robotics competitions and the GVSU Formula SAE team, an engineering design competition culminating in the design and manufacture of a miniature Formula One-style race car.

Other charitable and community events our NN team has supported include:

	<b>Discover Manufacturing Week</b> host site for 200+ students per year	<b>Humanitarian support</b> for Ukraine
<b>United Way campaign</b>	<b>Local blood drives, food drives, and holiday toy drives</b>	
	<b>Care packages for active-duty military</b>	<b>Provided first responder N95 masks</b> to pediatric clinics at the onset of COVID-19
<b>Hosted 160+ machining students</b> at International Machine Technology Show in Chicago	<b>Participation in CareerQuest events</b> in that draw thousands of students to experience jobs related to advanced manufacturing, construction, IT and healthcare	



# OPERATING SUSTAINABLY

At NN, we understand our impact and influence on the environment. Our approach to operating sustainably includes taking proactive measures and implementing policies designed to minimize our impact on the environment and to ensure we operate responsibly.

## CLIMATE IMPACT

**NN sees climate action and energy efficiency as driving forces for innovation.**

As we strive to further understand our climate impacts, we will continuously look for innovative solutions to improve energy efficiency and reduce our carbon footprint. By conserving energy or utilizing renewable energy sources, we will be able to reduce our greenhouse gas (GHG) emissions and improve our profitability. We will look to deploy best practices across our plants and leverage actions previously taken. For example, NN has implemented certain building and business improvements at its Kentwood and Dowagiac facilities and Charlotte headquarters to decrease our energy usage and, as a result, reduced our environmental impact, including:

- Increasing tooling efficiency to make higher quality parts more quickly, which reduces overall energy usage
- Communicating facility-wide building shut-downs to remind employees to shut off radios, computers, machines, etc. over long holidays or breaks
- Converting conventional light bulbs to more energy efficient LED bulbs
- Replacing manual light switches with motion sensors

## WASTE & HAZARDOUS WASTE RECYCLING

**Minimizing waste generation allows NN to reduce our environmental footprint.**

We currently have programs in place at certain facilities to reduce waste going to landfills by optimizing material usage. These programs focus on tracking and reducing the amount of scrap created and selling plastic and metal scrap to recycling companies. For example, we currently partner with a Michigan-based recycling and scrap materials collector to track our plastic and corrugated waste as well as purchase our corrugated waste. In the near future, we will expand the partnership to purchasing our plastic waste. Through these efforts, each of these waste streams is diverted from landfills and can be recycled and repurposed into other products.

Through the implementation of Lean Manufacturing strategies (reducing waste throughout the manufacturing process) at our facilities, we optimize efficiency and take part in waste minimization strategies. Certain best practices that we intend to deploy across the organization include designating a Continuous Improvement Coordinator at each facility and encouraging each of our employees across the organization to take part in our waste reduction efforts.

In several of our facilities, we utilize oil in the metal machining process to provide lubrication and cooling that are critical to the production of precisely ground parts that are free of defects. As the oil is used, it is collected and recycled through a centrifuge filtration system that cleans the oil of particles and contaminants and then funnels the cleaned oil back through the machine to be reused. By recycling and reusing the oil at our facilities, we reduce the amount of waste requiring disposal.





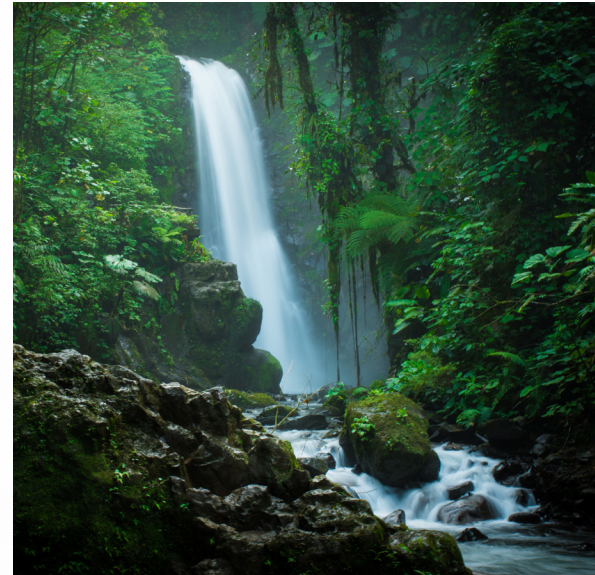
# OPERATING SUSTAINABLY (CONT.)

## WATER & WASTEWATER MANAGEMENT

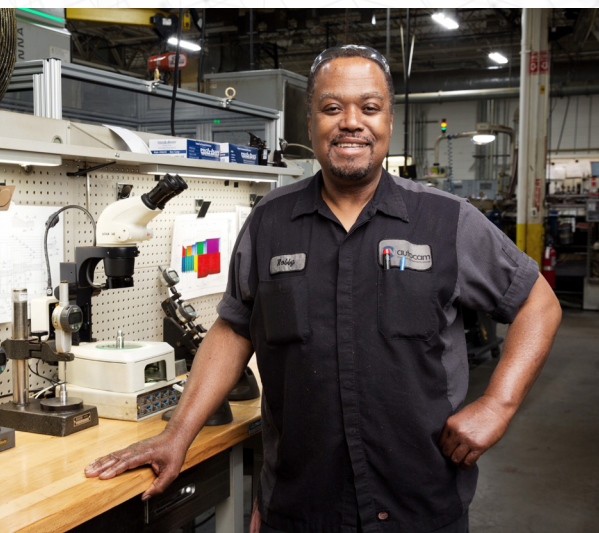
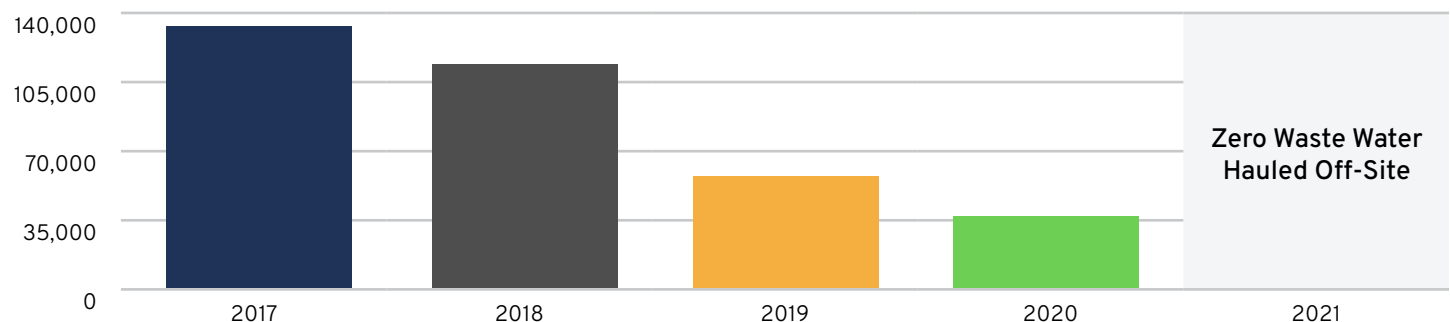
NN recognizes that our water supply is a finite resource which must be managed responsibly.

NN has made great progress in water conservation efforts. For example, prior to 2021, one Mobile Solutions facility generated so much wastewater that our evaporators were operating at capacity and the excess wastewater had to be hauled offsite. In response, we developed and implemented a water conservation strategy which fully eliminated the outside disposal of wastewater at this facility during 2021. Our water conservation strategy includes:

- Regular inspections of onsite washers to ensure there are no leaks
- Replacing water-intensive machines with more efficient equipment
- Installing water valve meters and monitors that shut off after 50 gallons are dispensed
- Implementing concentration tracking to help identify potential leaks that may develop
- Communicating water-saving strategies to all employees at quarterly business meetings



WASTE WATER HAULED OFF-SITE (Waste Water Volume (Gallons))



## AIR QUALITY

Maintaining safe air quality levels for our employees and communities is not just a regulatory requirement, but it is also a part of our mission to have a minimal impact on the environment. NN has improved air quality by phasing out the use of chemicals, acids and high volatile organic compound (VOC) substances for other chemicals that are safer but just as effective. Additionally, we have transitioned from testing chemicals on a routine cadence to testing chemicals only when the chemical is to be used at a facility, thereby reducing the quantity of chemicals that remain onsite and the ancillary downtime required for routine testing. Transitioning to safer chemicals and reducing the frequency of testing reduces an employee's exposure to chemicals and furthers our efforts to provide a healthy environment for our employees and our local communities.

We are committed to ensuring we meet all applicable air quality regulatory requirements and look for innovative ways of doing so. For example, at our Power Solutions plating operations, where air quality is of the greatest concern because of the nature of the chemicals used in that process, we utilize a dashboard to manage chemicals that are brought onsite to ensure that we are compliant with chemical quantities and air permit limits. This dashboard allows us to ensure we remain compliant with regulatory requirements and enables us to streamline air permitting reporting requirements.



# DELIVERING SUSTAINABLE COMPONENTS

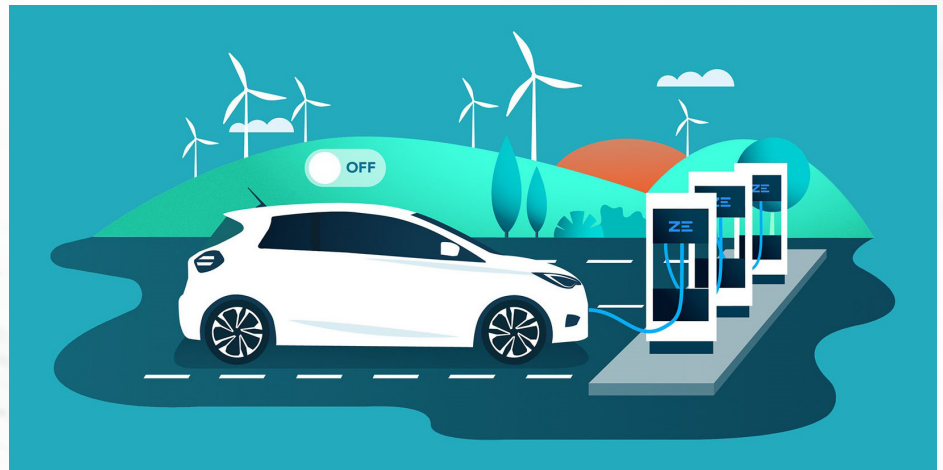
We will leverage our leadership in product quality, materials science and manufacturing processes to deliver products to our customers for their sustainable solutions.

## SUSTAINABLE PRODUCTS

We recognize that our future growth depends on our further penetration into the electrical vehicle and electrical markets. We've taken several steps to enhance these efforts. In 2021, we added two new directors to our Board with expertise in these areas, Mr. Joao Faria, President of the Vehicle Group/E-mobility at Eaton Corporation with significant experience in the electric vehicle market, and Dr. Shihab Kuran, President and CEO of Power Edison LLC, an expert in electrification and the smart power grid. NN's management is working collaboratively with Mr. Faria and Dr. Kuran in order to leverage their knowledge and experience to further penetrate these strategic target markets. In addition, Andrew Wall joined our team as our Chief Commercial Officer, bringing deep experience in driving high-performing sales organizations and more than 15 years of electric power industry experience including the power grid. As stated by Mr. Warren Veltman, President and CEO, "His leadership will help ensure that our team continues prioritizing our long-term customer relationships, while also advancing our technologies to deepen our market reach."

With a mind towards innovation and the marketplace transitioning away from gasoline internal combustion engines (ICE), our compensation plans incentivize our employees to drive sales growth into applications that are ICE independent. These efforts put our organization in a strong position to shift from fuel-based components to alternative energy components to ensure continued resilience and the sustainability of our business.

As we evaluate our own environmental impact through a carbon footprint analysis, we will support our customers in better understanding the impact our products have on their overall end product. As a part of this effort, we will be conducting a carbon footprint analysis to understand our current GHG emissions, identify innovative ways to decrease our footprint year-over-year and align our sustainability efforts with those of our customers.



## MATERIALS SOURCING & EFFICIENCY

**We are committed to sourcing all of our materials from conflict-free regions.**

Our process, consistent with Section 1502 of the U.S. Dodd-Frank Act, involves a verification process to ensure all minerals are sourced from a pre-approved smelters list and vendors supplying minerals are required to present appropriate documentation demonstrating this compliance.



# DELIVERING SUSTAINABLE COMPONENTS (CONT.)

## SUPPLY CHAIN MANAGEMENT

**The success of our business relies on how well we manage our supply chain.**

Thus, we have prioritized supply chain management throughout our organization. Every supplier that we engage with is required to comply with our Code of Conduct, complete a self-assessment at the onset, and undergo annual audits which include ESG metrics. These annual metrics are assessed on an Environmental Management System (EMS) Qualification Matrix. Additionally, we keep a monthly supplier performance scorecard to ensure quality, performance and value meet NN's standards.

Among other factors, the COVID-19 pandemic has put stress on several supply chain outlets and the impact on NN was similar to others in the industry. We have been diversifying our materials sourcing to hedge against uncertainty related to materials availability and transportation challenges.

We are developing a dedicated Supplier Code of Conduct which will govern our supplier partnerships, ensure supplier quality and ensure our performance and value are held to not only the highest business standards but also the highest ethical standards. NN will continue to incorporate environmental impact evaluations into our supplier selection process as we continue to evolve in our approach to reducing our overall environmental footprint.



## PRODUCT QUALITY & SAFETY

**At NN, product quality and safety are more than testing and ensuring our products are safe for our customers and end users; it is also a behavior and embedded in our culture.**

Within our workplace culture, our frontline machinists and employees have ownership of product quality and safety. We empower our employees to become familiar with the production line and take an active position to become aware of potential quality issues. As a result, our employees are able to identify compromised products based on anomalies or deviations within the production line or a change in the production process. Further, they are empowered to stop the production line if they believe a potential quality issue may be developing.

We also conduct regular audits in addition to product quality and safety testing in the early stages of development, rather than in the final stages of production, to ensure that the production process is smooth and consistent. Our goal is to provide our customers and end users with a product that contains zero defects, and our culture and processes related to product quality allow us to routinely achieve this goal.



# 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.

## BOARD OF DIRECTORS OVERSIGHT

**We have integrated core elements of sustainability across our organization, starting with our Board.**

Our strong foundation of corporate governance, compliance and risk management is the cornerstone of our business.

The Board and the Governance Committee have oversight responsibility for strategy and policies related to ESG issues. Our Board recognizes that ESG matters are 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 also acknowledge our potential impact on the environment and are committed to operating in a responsible manner 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.

NN has established a board of directors that brings a broad and diverse range of experience, knowledge and professional judgement. In 2021, we looked to add directors to our Board who could help us penetrate the strategic markets of electric vehicles and the power grid and who had senior executive experience. As a result, in addition to the appointment of Mr. Faria and Dr. Kuran to the Board in 2021, we also added Dr. Rajeev Gautam, the recently retired President and CEO, Performance Materials and Technologies of Honeywell International, Inc., and further enhancing our Board's expertise and diversity.



**2 of 9**  
women  
on the board

**3 of 9**  
underrepresented  
minorities on the board

**8 of 9**  
independent directors  
on the board



# MANAGING OUR BUSINESS (CONT.)

## GOVERNANCE AND BUSINESS ETHICS

We manage our international company in an ethical way that addresses social, environmental and economic objectives and expect our employees and service providers to embrace these objectives in their daily activities.

We are committed to doing business right, and it begins at the highest levels of leadership. That is our culture, starting with the Board of Directors and all the way through to our employees. At NN, good governance and acting with integrity is the foundation of how we operate. Ethics is vital to our business. We are committed to operating ethically across all facets of our organization.

We expect our employees to conduct business using the highest standards of professional integrity. Our [Code of Business Conduct and Ethics](#) serves as a standard in meeting these expectations. All employees are required to complete ethics training during the onboarding process and on an annual basis. We have a Whistle Blower Complaint Procedure that was updated in 2021 to further enhance our [Whistle Blower Policy](#). This streamlined Procedure ensures a more accessible and safe platform for reporting ethical violations. The streamlined procedure ensures an accessible and safe platform for reporting ethical violations. It facilitates the monitoring of reported incidents to so that all allegations are investigated and addressed in an equitable manner. Employees or other agents may report alleged violations through the whistleblower hotline, directly to the Audit Committee, or to members of Management. Additionally, employees are protected by our [Non-Retaliation Policy](#).

## MANAGEMENT OF THE LEGAL & REGULATORY ENVIRONMENT

As a manufacturer that operates across many industries, we are committed to operating our business in compliance with all applicable legal and regulatory requirements. When we act ethically and strive to always do the right thing, we find that the tactical efforts of managing our business and effective corporate governance come naturally. Our facilities are expected to have all necessary state, local and national environmental and operating permits. We will continue to conduct our operations in compliance with all applicable governmental laws and regulations.

## DATA PRIVACY & SECURITY

Protecting the privacy of our employees and ensuring our customers' information is secure are a top concern at NN.

Many regions in which NN operates have data privacy laws around the management of personal data and we are committed to complying with these laws. Our program includes performing a gap analysis at the onset of new privacy legislation and performing yearly audits on a rotating basis to ensure compliance. Our data privacy program covers all legislation in locations where we operate, including 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).

Data security is a top concern for businesses today as society heightens technological dependence. At NN, we take IT security very seriously and have implemented protocols for managing data security across the organization. We have engaged with a third party, KnowBe4, to provide phishing drills and employee training on how to avoid falling for phishing schemes. Our email systems allow employees to report suspicious activity directly from the received email. These phishing drills are conducted at least once a month in a variety of formats to simulate phishing attacks. In the event an employee falls victim to a simulated phishing scheme, they are assigned a mandatory training course.





# CONCLUSION

Through the development of our sustainability strategy and roadmap in 2021, we are proud of the progress we have made towards our contribution to a more sustainable future. However, we recognize that continued work needs to be done to advance our commitment and as such have identified the following short and long-term goals.



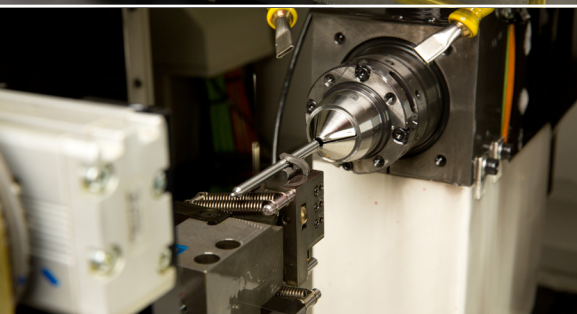
## PRIORITIZING PEOPLE

- Continuous improvement on health and safety of our employees,
- Continue to streamline and integrate health and safety and human equity programs across all NN global sites,
- Develop a Diversity, Equity and Inclusion (DEI) Policy and implement DEI programming on an enterprise level,
- Optimize global workforce engagement through an improved communication platform, and
- Continue to enhance the employee onboarding process.



## OPERATING SUSTAINABLY

- Continue to manage energy, water and waste efficiency, reduction and compliance,
- Perform a comprehensive carbon footprint assessment across NN globally,
- Assess carbon footprint reduction feasibility and develop a reduction strategy,
- Assess and calculate component upstream/downstream embodied carbon to support customers' reporting initiatives, and
- Maintain and/or stay below air permit levels through implementation of efficient procedures and chemical phase-outs.



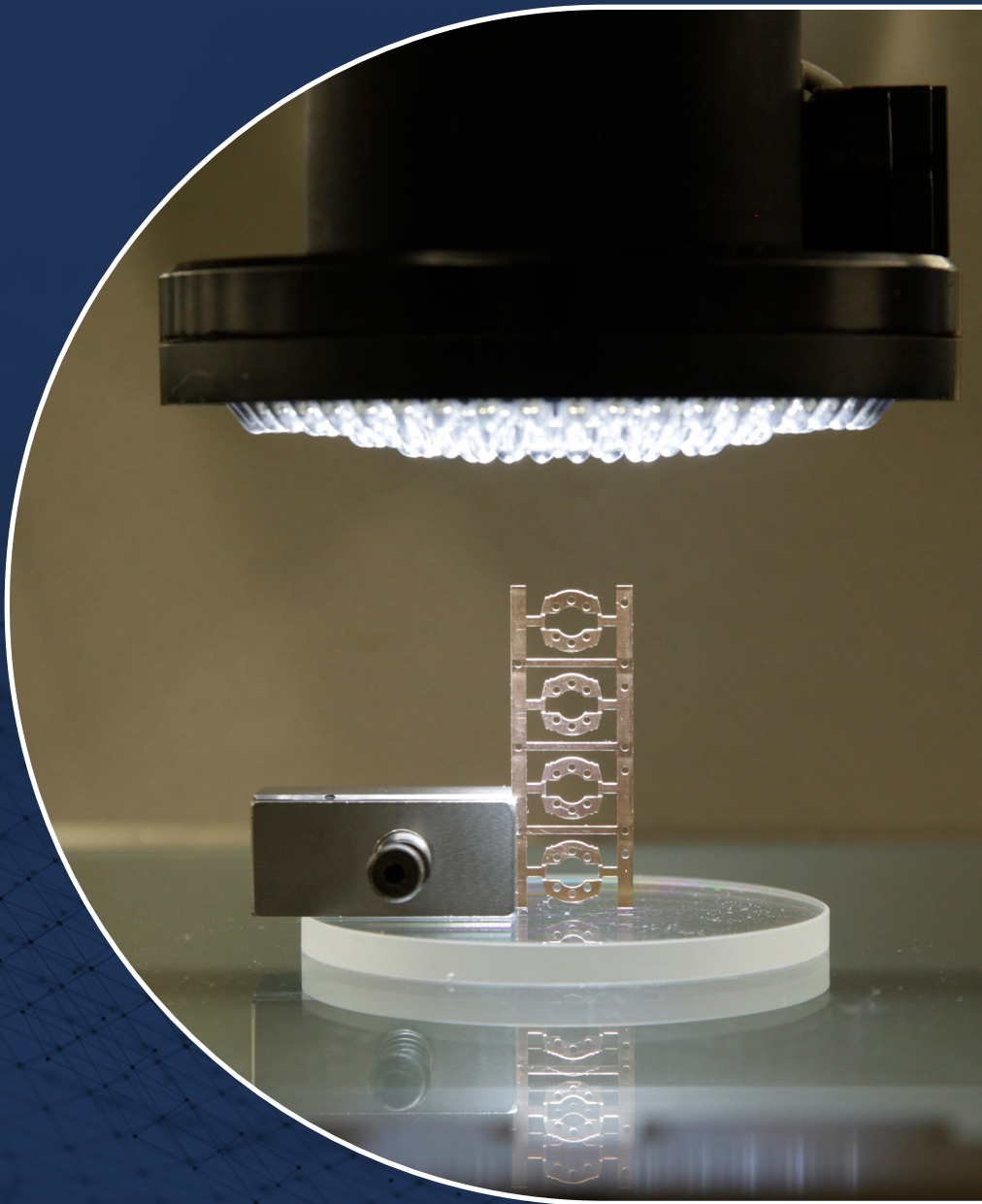
## DELIVERING SUSTAINABLE COMPONENTS

- Continue to encourage sales growth in ICE independent components,
- Develop a Supplier Code of Conduct, and
- Integrate environmental considerations into the vendor evaluation process.



## MANAGING OUR BUSINESS

- Continue to review and update all policies on an annual basis to ensure relevance and applicability, and
- Continue to engage with employees through training on all corporate policies.



# NN, INC.

INSPIRED BY INNOVATION

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