



2022
Corporate
Sustainability
Report



TABLE OF CONTENTS

3	CEO Letter
4	Our Company
	What We Do
6	Our Commitment
8	Corporate Governance
10	Ethics & Compliance
12	Our People
	Culture
	Talent & Recruitment
	Diversity & Inclusion
17	Health & Safety
19	Our Products
	Designing Tomorrow's Solutions
	Ensuring Safe Products
23	Our Operations & The Environment
	Environmental Governance
	Reducing Our Impact
	Operating Responsibly
	Emissions and Energy
	Water Usage
	Waste Reduction
28	Working Towards A Sustainable Supply Chain
30	SASB Index





A MESSAGE FROM OUR CEO

It is my pleasure to share our second Corporate Sustainability Report (“CSR”), a reflection of our belief in the importance of transparency about our sustainability programs and performance. As a Company that embraces innovation, Knowles is committed to finding innovative ways to address the environmental, social, and governance (“ESG”) items that matter to our stakeholders, including employees, shareholders, suppliers, customers, and our community at large. I am proud of the progress we are making as a Company in our ESG journey, as we remain steadfast in our commitment to conduct business in an environmentally sustainable, socially responsible, and ethical manner.

Environmental Stewardship

We are dedicated to understanding and reducing our environmental footprint, in an effort to become more efficient as a business and improve future sustainability. It is against that backdrop that we are announcing our goal to be carbon neutral by 2040. In addition, this year’s CSR provides greater detail than our previous report regarding our Scope 1 and Scope 2 emissions, as well as more expansive information about our electricity and water consumption and hazardous waste disposal. I believe that our focus on sustainable practices across our operations and our supply chain is an essential part of our continued business success.

Social Responsibility

We are committed to responsible and inclusive human capital management across our workforce, and contributing to the communities where we operate. Our Diversity, Equity & Inclusion (“DE&I”) Council, established in 2021, is tasked with helping implement the three pillars of our DE&I strategy: to educate, train, and build awareness; to recruit, grow, and promote; and to give back and get involved. This strategy provides the framework around our various DE&I initiatives, including partnering with nonprofit organizations and academic institutions to provide scholarships, mentoring, and internship opportunities for underrepresented groups. We have also worked to increase diversity in our candidate pool, as we believe it is important to have a workforce that reflects the communities where we work and live.

Corporate Governance and Ethical Business Practices

Our values provide the foundation for our commitment to conduct our business ethically and with integrity. In the interest of staying in step with best practices in corporate governance, in 2021 we updated our Code of Business Conduct to streamline the Code, to incorporate practical guidance to employees, and to emphasize the many resources available to employees who have questions or concerns. We are dedicated to maintaining strong governance practices in our business operations, as we believe this is part of being a good corporate citizen.

Our Board, our management, and our employees understand that environmental stewardship, social responsibility, and ethical business practices are a critical part of driving a sustainable future for our Company, our communities, and our world. I am proud of what our team has accomplished. I welcome your feedback as we continue our sustainability journey.

Sincerely,

Jeffrey Niew
President and CEO



OUR COMPANY

Knowles Corporation (NYSE: KN) is a market leader and global provider of advanced micro-acoustic microphones and speakers, audio solutions, and high-performance capacitors and RF products, serving the consumer electronics, communications, medical technology, defense, electric vehicle, and industrial markets. Knowles uses its leading position in SiSonic™ MEMS (micro-electro-mechanical systems) microphones and strong capabilities in audio processing technologies to optimize audio systems and improve the user experience across consumer applications. Knowles is also a leader in hearing health acoustics, high-performance capacitors and RF solutions for a diverse set of markets. Knowles' focus on the customer, combined with unique technology, proprietary manufacturing techniques, and global operational expertise, enables it to deliver innovative solutions at scale across multiple applications. We have approximately 7,000 employees. We operate facilities located in 13 countries around the world. Our Company was founded in 1946 and is headquartered in Itasca, Illinois.

Founded in
1946



7,000
Employees

Located in
13
Countries




WHAT WE DO

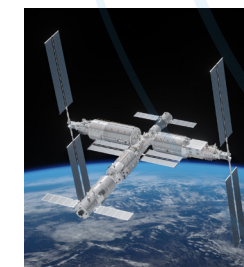
As the industry leader in MEMS (micro-electro-mechanical systems), microphones, and balanced armature speakers, with strong capabilities in audio processing, Knowles' technology improves the user experience in mobile, ear, and internet of things ("IoT") applications. Our cutting-edge solutions in acoustic components, high-end capacitors, and mmWave radio frequency ("RF") technologies supply solutions for a diverse set of fast-growing markets and applications that require high performance for mission-critical systems. Knowles' multi-national scale, operational excellence and broad application support allow customers to rapidly bring innovative solutions to market.

Our business has two main segments. Our Audio segment designs and manufactures innovative audio products, including microphones, balanced armature speakers, and audio processors used in applications that serve the mobile, ear, and IoT markets. Sales, support, and engineering facilities are located in North America, Europe, and Asia. We also have manufacturing facilities in Asia.

Knowles leverages its decades-long footprint in hearing health and audio markets to deliver voice and audio innovation to new spaces such as True Wireless Stereo ("TWS"), smart home, virtual and augmented reality, automotive, and enterprise audio. Not just a components supplier, Knowles has grown system-level expertise over the past decade and provides high-quality development platforms that enable customers to get to market faster. Knowles solutions bring together multiple audio technologies including microphones, smart microphones, balanced armatures, audio edge processors, and software to create system-level audio solutions that can enable customers to design devices with richer audio features at low power across a wide range of applications.

Our Precision Devices ("PD") segment specializes in the design and delivery of high-performance capacitors and mmWave RF solutions for technically demanding applications. Our high-performance capacitor products, used in applications such as power supplies and medical implants, are sold to a diverse set of customers for mission-critical applications across the communications, medical technology, defense, electric vehicle, and industrial markets. Our mmWave RF solutions primarily solve high-frequency filtering challenges for our defense customers, who use them in their satellite communication and radar systems, as well as for our telecommunications infrastructure customers deploying mmWave 5G base stations. From 8,000 feet below the Earth's surface to orbiting 254 miles above us on the International Space Station, Knowles capacitors, microwave, and RF components are technologically advanced to meet the demand. These solutions leverage Knowles' design expertise, patented materials, manufacturing scale, operations expertise and meet the Company's reputation for high-performance and robust quality. Locations include the sales, support, engineering, and manufacturing facilities in North America, Europe, and Asia.

We sell our products directly to original equipment manufacturers, to their contract manufacturers and suppliers, and, to a lesser extent, through distributors worldwide.





OUR COMMITMENT

At Knowles, we are committed to enriching lives by enabling superior audio experiences. We believe our commitment to operating in an ethical, socially responsible, and environmentally sustainable manner is both the right thing to do, and essential for our long-term success. Being a responsible and engaged corporate citizen helps us to proactively identify opportunities and mitigate risks as they arise, while furthering our reputation as a business partner of choice.



Many of our commitments to corporate responsibility are codified in the policies we have implemented to guide our activities and decision making. These include:

Anti-Slavery Policy

In the spirit of good corporate citizenship, Knowles supports the California Transparency in Supply Chains Act of 2010, and the United Kingdom Modern Slavery Act of 2015. We have a zero-tolerance policy towards all forms of modern slavery, including human trafficking and forced labor. To ensure adherence to our values, we have established a system of controls throughout our Company and supply chains. In agreements with our suppliers, we require them to follow national and regional labor standards. If suppliers violate any of these standards, we stop doing business with them.

Human Rights Policy

Knowles is committed to respecting human rights throughout our Company. The standards of our Human Rights Policy apply to all of our facilities and suppliers throughout the world. Consistent with both the International Labor Organization's conventions and the United Nations Universal Declaration of Human Rights, our Human Rights Policy mandates non-discrimination, fair compensation and working hours, and freely chosen employment. It also prohibits child labor of any kind.

Environmental, Health, and Safety Policy

At Knowles, we understand that environmental protection and people's safety are interconnected. We are committed to providing a healthy and safe work environment and processes that enable our people to work injury- and illness-free while acting in an environmentally responsible manner. In addition to implementing programs to promote sustainability, we have instituted a Green Materials Policy and Supplier Code of Conduct throughout the Company.

During the COVID-19 pandemic, we increased safety measures at all of our facilities. We required social distancing for essential workers who needed to be on-site, and provided them with personal protection equipment. We also instituted enhanced cleaning measures.

Political Contributions Policy

Knowles is politically neutral, and has a long-standing policy against making financial or in-kind contributions to political parties or candidates, even when permitted by law. Our policy prohibits the use of Company resources for political purposes, including for contributions to any political party, candidate, or committee, whether Federal, state, or local. As a result of the Company's policy of political neutrality, Knowles does not maintain a political action committee ("PAC"), nor does it contribute to any third-party PACs or other political entities. Like other major companies, Knowles belongs to trade and industry associations in the United States to which Knowles pays annual dues. The Company's policy restricts trade and industry associations from using Knowles funds to directly or indirectly engage in political expenditures.

Conflict Minerals Policy

Knowles is committed to supporting responsible sourcing of minerals, including tantalum, tin, tungsten, and gold ("3TG"). While we do not directly source 3TG from mines, smelters, or refiners (and believe that we are in most cases many levels removed from these market participants), certain of the products we manufacture contain 3TG. As part of Knowles' commitment to social responsibility and compliance with the Securities Exchange Commission Conflict Minerals Rule, it is our goal to use in our products only 3TG that does not directly or indirectly finance or benefit armed groups in countries where the mining of 3TG minerals is used to support armed conflict. In addition, we have established responsible mineral sourcing practices for cobalt in response to reports of child labor and other social concerns.

We are taking steps to ensure the use of conflict-free and ethically sourced minerals in our supply chain by expecting our suppliers to:

- **Adopt a conflict minerals policy that is consistent with ours, and expect their direct and indirect suppliers to do the same.**
- **Exercise due diligence with relevant suppliers on the source and chain of custody of 3TG consistent with international standards.**
- **Identify smelters and refiners associated with the 3TG supply chain for our products.**
- **Transition to certified conflict-free smelters and refiners.**

Each of these policies, which we review regularly to ensure their suitability for our goals, outlines the expectations for our own team, as well as what we expect of our suppliers and other business partners.





CORPORATE GOVERNANCE

We are committed to conducting our business in accordance with a high level of ethical and corporate governance standards to help ensure our conduct earns the respect and trust of our stakeholders. Our Board of Directors (“Board”) consists of nine members, all of whom are independent directors with the exception of our Chief Executive Officer. The primary responsibility of the Board is oversight of the Company’s long-term strategy and planning. The Board is the ultimate decision-making authority within the Company, except with respect to those matters that are reserved for the Company’s shareholders.



The Board has three standing committees: Audit, Compensation, and Governance and Nominating. All committees are comprised of independent Board members. Executive management institutes and maintains policies regarding potential risks to our daily operations, and the Board regularly evaluates their performance. Along with our executive officers, the Board reviews material, strategic, operational, and environmental, social responsibility, and corporate governance (“ESG”) risks. Our Board and Committees handle risk management according to their specific responsibilities.

The Audit Committee is responsible for managing financial, legal, and compliance risks. This includes oversight of our cyber security and other information technology risks, controls, and procedures. Our Audit Committee regularly reviews the cyber threat landscape facing the Company and our strategy to mitigate cyber security risks. Overall, our approach is to take action to identify and protect our sensitive information, engage in regular exercises to detect any vulnerabilities in our systems, respond promptly to address any identified vulnerabilities, and expediently recover from any threats to our system.

Risks related to the Company’s compensation programs are reviewed by the Compensation Committee. In addition, the Compensation Committee oversees the Company’s policies and strategies related to human capital management, which cover recruiting, retention, career development and progression, diversity, and employment practices.

Through its delegation from the Board, the Governance and Nominating Committee selects as director nominees individuals who demonstrate the highest personal and professional integrity, exceptional ability, and judgment. In addition to overseeing the selection process for Board nominees, as part of the Board’s succession planning, the Governance and Nominating Committee periodically reviews the skills and experience of each of the current directors and uses a board skills matrix to ensure the Board as a whole appropriately reflects the key attributes, experiences, qualification, and skills most needed to support the Company’s long-term strategy. The Governance and Nominating Committee also develops, reviews, and recommends periodic updates to the Company’s Corporate Governance Guidelines and Code of Business Conduct and is responsible for overseeing ESG matters.

Several policies are central to our governance processes. These include:

➤ **Corporate Governance Guidelines**

➤ **Code of Business Conduct**

➤ **Related Persons Transactions Policy**

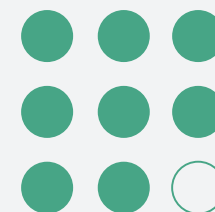
In addition to our internal policies and guidelines, as a company listed on the New York Stock Exchange (“NYSE”) we adhere to all NYSE listing requirements, including the NYSE Corporate Governance Standards. Together, these documents describe our expectations for ethical, responsible, conduct and provide our business partners with a clear picture of how we conduct ourselves in the marketplace.

Corporate Governance Highlights

- ✓ All directors are elected annually
- ✓ Separate non-executive Chairman and CEO roles
- ✓ Robust annual director evaluation program
- ✓ Regular Board, Committee, and Director evaluations
- ✓ Policies prohibit hedging and pledging of Company stock

BOARD SIZE AND INDEPENDENCE

(8 of 9 directors are independent)

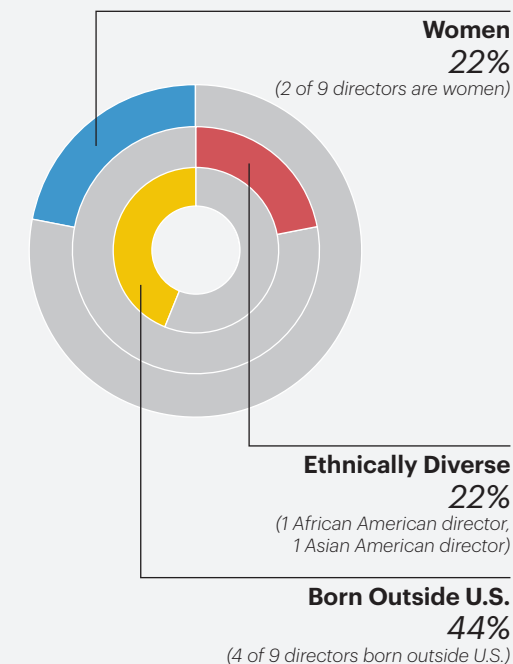


BOARD TENURE/ REFRESHMENT

6 years
average tenure

4 directors
added to the Board
in the last 5 years

BOARD DIVERSITY

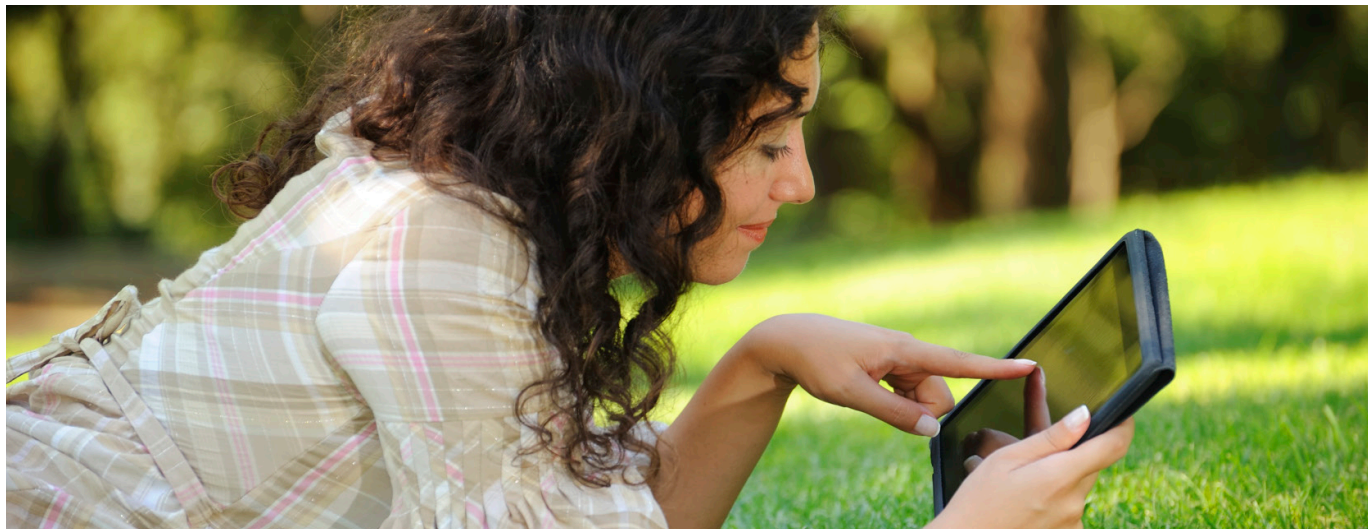




ETHICS & COMPLIANCE

As Knowles continues to evolve to meet the needs of today's marketplace, we must continue to hold true to our values. Our commitment to be a trustworthy partner who operates with the highest ethical standards is demonstrated every day through our relationships with our customers, suppliers, employees, shareholders, and the communities where we do business. Every employee at Knowles is expected to understand and uphold those beliefs and always act with integrity. We believe this is not only a business advantage, but a moral imperative.





At Knowles, we believe success comes from:

- The collaborative entrepreneurial spirit
- Winning through our customers
- High ethical standards, openness, and trust
- Expectations for results
- Respecting and valuing people

Ensuring ethical conduct across a global company, with multiple locations and thousands of employees, requires a structured, diligent, and collaborative approach. We continually monitor best practices and the global regulatory landscape to ensure our practices are compliant with all applicable laws and regulations and are reflective of our values. We share our findings across our business where appropriate, which allows us to quickly deploy new approaches throughout our Company.

The foundation of our commitment to ethical business practices is our Code of Business Conduct (the “Code of Conduct”). All Knowles employees are required to review the Code of Conduct and are provided mandatory training on how it impacts their work and business decisions.

In 2021 the Company commissioned a cross-functional team to benchmark and update our Code of Conduct. In addition to updating the Code of Conduct to address key areas of ethical risk, the goal of the project was to streamline the Code of Conduct, incorporate more practical guidance to employees, and emphasize the many resources available to employees who have questions or wish to report unethical conduct. We believe these changes will facilitate a greater awareness and understanding of the Company’s compliance standards and assist our employees in recognizing and dealing with ethical issues.

The substantive provisions of the new Code of Conduct meet all NYSE listing standards and satisfy the conduct and ethics standards prescribed by the Sarbanes-Oxley Act as applicable to a company’s principle executive officer and principle financial and accounting officers. Additional topics covered in our Code of Conduct and training courses include, among other things, our commitment to fair employment and workplace safety; ensuring confidentiality, data privacy, and cybersecurity; and our positions against corruption, bribery, and money laundering.

Knowles maintains a third-party-operated Global Hotline, available 24 hours a day, 7 days a week in multiple languages where any concerned party (such as an employee, supplier, or customer) can report a matter anonymously by telephone, or by submitting a web-based report. Consistent with our commitment to fostering a culture of integrity, Knowles does not tolerate any form of retaliation for raising a good-faith concern.



OUR PEOPLE

We have a long history of being innovative and setting industry standards for our customers. This is only possible by working with employees who are passionate, diverse, and creative and are always searching for new and better ways to serve our customers and overcome challenges. This is achieved by creating a culture of belonging among our employees, consistent with our values. In order to do so we must not only be attracting, developing and retaining high-performing employees at all levels of our organization, but encouraging a diverse and inclusive workplace environment.





CULTURE

Our vision to become the leading global innovator of high-performance audio and precision device solutions is only possible through the diligent efforts of our entire team. Equally as important as the design of the technology itself, is our diversity. We believe our diverse teams with their unique ideas, thoughts and perspectives are the building blocks for this culture of innovation at Knowles.

We want all Knowles employees to experience the feeling of belonging and to be empowered to share differing viewpoints. This starts with aligning our people, processes, and programs to support our culture of innovation, collaboration, and inclusion. By embracing these qualities, we are positioning ourselves to best serve our customers, communities, and employees.

A fundamental aspect of Knowles' culture is our commitment to the principles of diversity and inclusion. We believe embracing all backgrounds, talents, experiences, and perspectives makes us a stronger business, and helps to foster a truly collaborative workplace. Effective diversity and inclusion management requires cross-functional collaboration within Knowles, as well as with our customers and suppliers. This philosophy is a core tenet of our Mission, Vision, and Values.



Our Values

To build a cohesive team, every member must share similar principles and values. We believe our values unite us to push boundaries and discover new possibilities.

Every employee at Knowles is encouraged to be:



INNOVATIVE:

take calculated risks and leverage deep expertise to develop emerging technologies.



PASSIONATE:

continuously work to discover new solutions that better serve our customers and improve people's lives.



AGILE:

anticipate the velocity of an ever-changing industry and deliver unique ideas to solve our customers' toughest challenges.



TRUSTWORTHY:

be an honest and dependable partner who delivers on the promises we make.



EMPOWERED:

embrace a culture where bright, creative people are celebrated, and everyone's contribution helps to drive change and achieve success.





45% OF OUR 2021 NEW HIRES
IN THE U.S. WERE WOMEN*

TALENT & RECRUITMENT

We understand that our most important resource is our people. To attract and retain the best employees possible, we provide a competitive total rewards program that embodies our pay-for-performance philosophy. Our total rewards program includes market-competitive base pay, broad-based short-term and long-term incentive plans, health care benefits, retirement plans, paid time off, family leave, and employee assistance programs. In addition, we invest in the ongoing training and development of our employees by offering tuition and continuous education reimbursement, leveraging an e-learning platform, and implementing formal mentorship programs.

We utilize a variety of recruitment vehicles to source top talent. We are building relationships with organizations that support the advancement of underrepresented minority groups to sustain a pipeline of diverse talent for opportunities across our Company. We are also committed to increasing the diversity within our professional and management positions and have implemented customized development programs to meet the unique needs of our employees' growth trajectories.

Closing the Gender Gap in Technology

Attracting, retaining, and developing female talent is a business imperative at Knowles; we strive to be an employer of choice for women in engineering. We understand the importance of gender diversity and with it, the need for advancing women in Science, Technology, Engineering, and Mathematics ("STEM") careers. We continue to partner with local organizations to help bridge the gender gap in STEM and shape the next generation of women who aspire to be leaders in the new era of technology. Through various initiatives, such as mentoring, workshops, and support for continuing education, we seek to accelerate women into high-potential engineering and other leadership roles.

To learn more, please visit our [website](#).

MAKING IT HAPPEN

In partnership with the University of Illinois at Chicago (UIC), Knowles has developed programs that encourage young women to consider careers in STEM and to increase the representation of women engineering students. Since 2015, we have offered over 80 academic scholarships to women engineering students at UIC. We host *Make It Happen*, a workshop that gives female college students the opportunity to meet professional women working in STEM, and hear about the challenges and rewards they've experienced. We also sponsor UIC's Women in Engineering Summer Program, a special multi-week program that allows high school girls to explore careers in STEM. The program includes an event at Knowles corporate headquarters, where participating students get a chance to observe our women employees using their STEM skills on the job. The program launched in 2015 and nearly 200 rising high school juniors and seniors have participated.



*employees hired during the period from April 8, 2021 through April 7, 2022.



DIVERSITY & INCLUSION

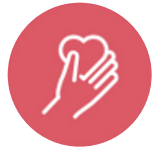
We believe that a diverse workforce is the greatest asset to innovation, and as such believe our diverse teams, with their unique perspectives, form the building blocks for our culture of innovation. We are proud that our workforce reflects the communities where we live and work. We strive to create and maintain a workplace environment that embraces the diversity of thoughts, ideas, beliefs, and experiences brought by our international team. We recognize that nurturing an inclusive workplace enables us to attract, develop, and retain our team members, who represent many different races, colors, gender identities, languages, nationalities, religions, orientations, and ages.



EDUCATE, TRAIN & BUILD AWARENESS



RECRUIT, GROW & PROMOTE



GIVE BACK & GET INVOLVED

Our diversity and inclusion strategy is centered on three pillars: (1) educate, train & build awareness; (2) recruit, grow & promote; and (3) give back & get involved. To successfully execute on our strategy, we have established a Diversity and Inclusion Council comprised of employees from various areas of the Company along with members of senior management who serve as executive sponsors. The Council is tasked with advising the management team on concrete initiatives we can undertake as an organization to strengthen diversity and inclusion at the Company.

Under this framework, we continue to educate our employees and the community on our vision and philosophy regarding diversity and inclusion, as well as the initiatives we have undertaken toward reaching our goals. Under the Council's leadership, we have commemorated and celebrated numerous diversity, cultural, and historical events throughout the year.

To increase the pipeline of diversity candidates, we have partnered with several academic institutions to provide scholarships, mentoring, and internship opportunities. In 2021, Knowles partnered with the Penn State University College of Engineering and the University of Illinois College of Engineering to provide scholarships for minority students at each of these elite engineering schools.

We have also worked to increase representation of underrepresented groups in our candidate pool, among our new hires, and in leadership positions. For our 2022 summer internship program, 59% of our corporate intern class consisted of minority students, and 50% of our corporate engineering interns were women. In addition, approximately 45% of our new hires in the U.S. between April 2021 and April 2022 were women. Our efforts are also reflected in our recently established Accelerated Development Program, a targeted career development program for high potential women employee leaders.

Knowles is committed to giving back and getting involved with our local communities. In 2021, we launched our partnership with PEAK, Partnership to Educate and Advance Kids, a Chicago-based nonprofit that is focused on providing high school students from the city's most challenging and under-served neighborhoods with financial, educational, and personal support through their high school years. Knowles has pledged \$10,000 annually to provide a PEAK student the opportunity to pursue a high-quality high school education. In addition, Knowles piloted the PEAK Student Tutoring Program, where our employees assist students with STEM-related subjects.





Global Diversity Data at Knowles

Figure 1

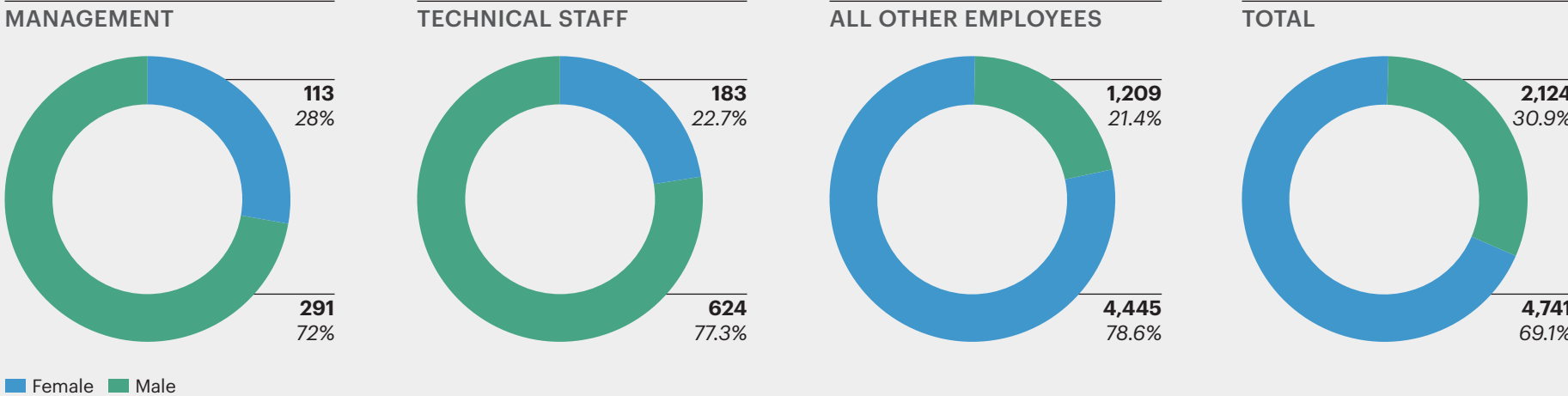
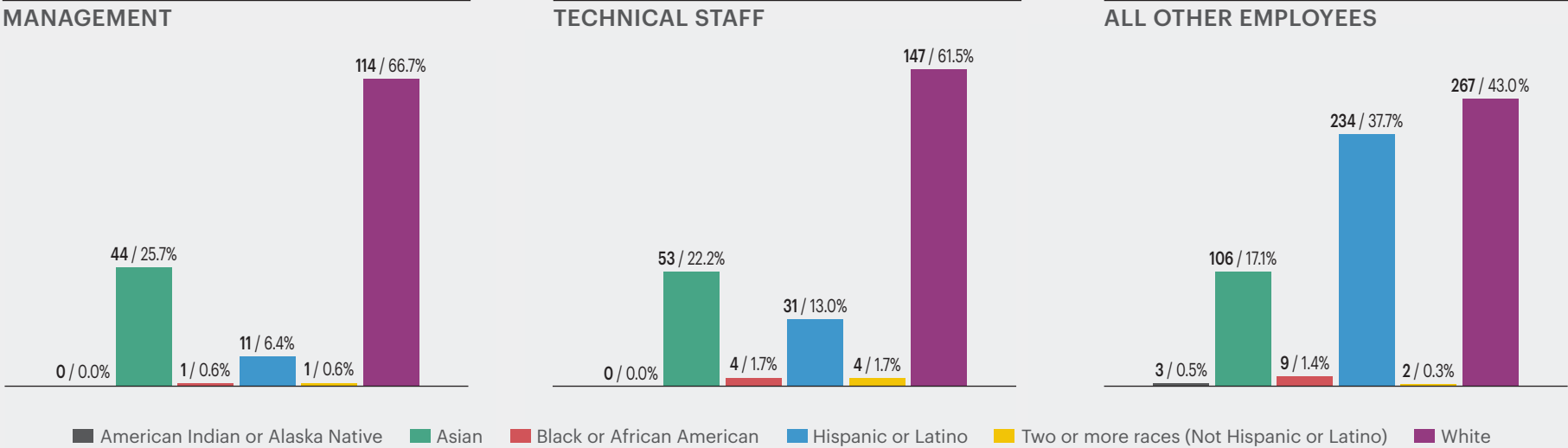


Fig. 1 represents our gender diversity across global operations, and **Fig. 2** represents our ethnic and racial diversity across U.S. operations. Both of these data sets were compiled as of April 2022.

Knowles remains dedicated to improving diverse representation, in all of its forms, across all of our operations, and we will continue to take steps to increase the diversity of thoughts, ideas, beliefs, and experiences brought by our team members.

U.S. Race and Ethnicity Data

Figure 2





HEALTH & SAFETY

All Knowles sites and operations consider the health and safety of employees to be of paramount importance. We have numerous training programs in place to educate employees about workplace safety including safe manufacturing processes, personal protective equipment, ergonomics, and their health and well-being outside of the workplace.



IN FALL OF 2022, OUR LARGEST FACTORY
LOCATED IN CEBU, PHILIPPINES, RECEIVED A
COVID-19 RESPONSE AWARD
FROM THE PHILIPPINES ECONOMIC ZONE AUTHORITY
("PEZA") FOR CONTINUED COMMENDABLE EFFORTS
IN ESTABLISHING AND IMPLEMENTING POLICIES
AND PROGRAMS TO AVERT THE SPREAD OF
COVID 19 IN THE WORKPLACE.



Knowles is committed to providing a healthy and safe work environment and processes that enable our people to work injury- and illness-free while acting in an environmentally responsible manner. As part of our universal [Environmental, Health, and Safety Policy](#), we ensure all employees and managers are trained and held accountable for preventing work-related injuries and illnesses, and that they are committed to continual improvement in environmental sustainability. These expectations go beyond our direct operations, and extend to our suppliers and contractors.

We always strive for zero accidents at all Knowles sites and diligently track all incidents to comply with regulatory requirements. More importantly, tracking this data allows us to identify where improvements are needed, and guide our actions to make Knowles sites safer for our team.

Many Knowles employees are required to wear protective clothing to safeguard themselves from exposure to potentially hazardous materials and maintain the integrity of our products. As needed, additional safety measures such as hearing protection, gloves, and respirators are also provided. Eye protection is required for a number of job tasks, and always meets all relevant safety standards such as the ANSI and OSHA standards. We have also modified several manufacturing processes to reduce exposure of our team to hazardous materials.

IN FY21 WE HAD A LOST TIME
INCIDENT RATE (LTIR) OF
0.12%
ACROSS ALL OF OUR MANUFACTURING
SITES AND NO WORK-RELATED FATALITIES

Our Environmental Health & Safety ("EHS") Managers across the globe conduct regular reviews of key EHS performance indicators, which include the reporting and correction of any unsafe workplace behaviors, working conditions that could potentially lead to injury, or workplace incidents or illnesses that required first aid or other medical treatment.

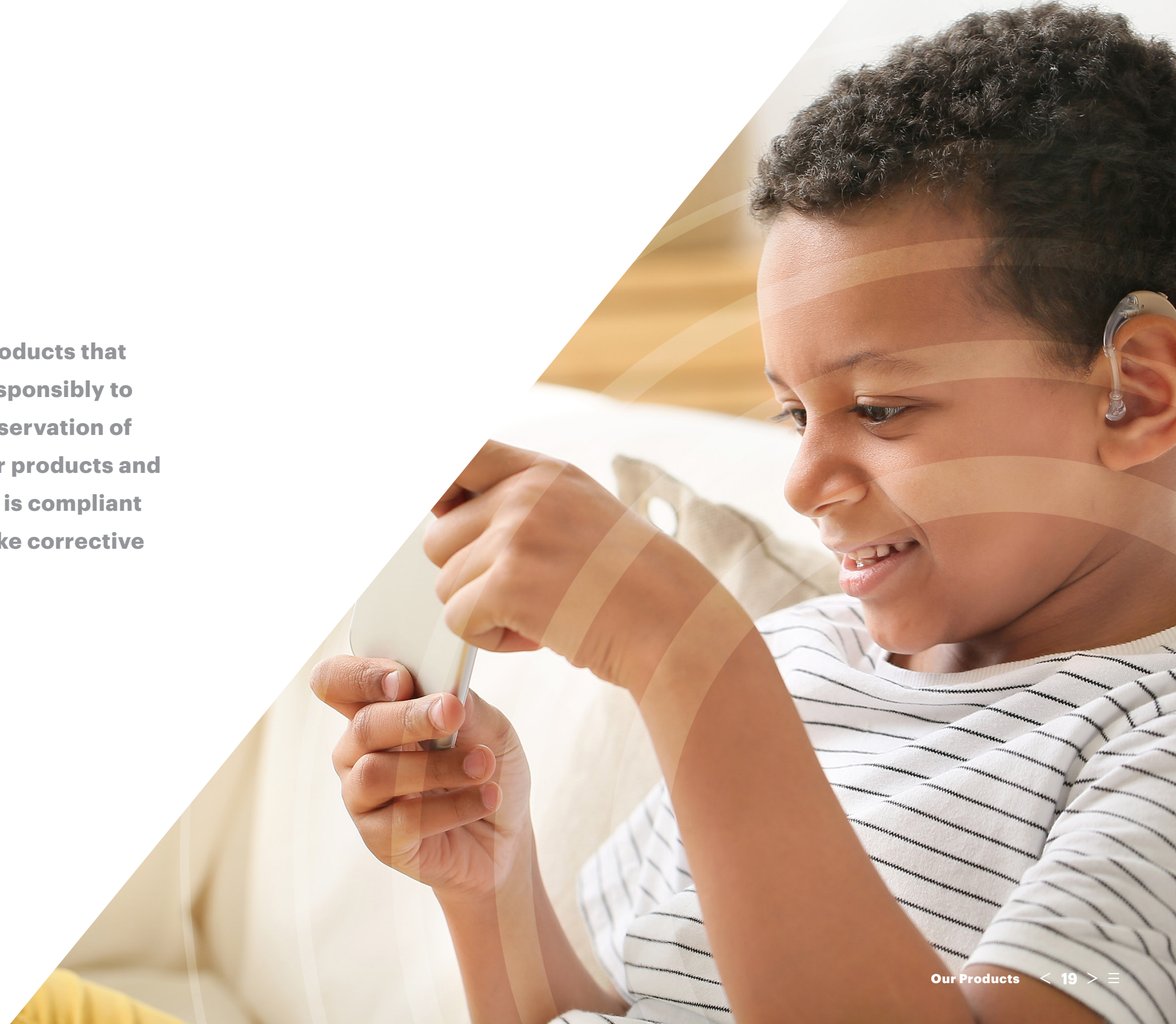
The global COVID-19 pandemic continues to present a challenge to business across the world. The Company has adopted COVID-19 related policies and procedures to address workplace safety with flexibility and adeptness, and our procedures change in response to the conditions at any given time. The Company response has included and continues to include the following:

- Remote work when feasible
- Symptom monitoring and quarantine protocols in line with CDC guidance
- Social distancing
- Requiring when necessary, and providing, face masks and onsite testing
- Deep cleaning office areas
- Providing hand sanitizer throughout our facilities
- Suspension of international travel when conditions required
- Monitoring federal, state, local, and OSHA guidance
- Frequent communication with employees about the pandemic



OUR PRODUCTS

We are committed to delivering high-quality products that meet our customers' needs, while operating responsibly to ensure the health and safety of employees, preservation of the environment, and consistent delivery of our products and services. We ensure our entire product catalog is compliant with all applicable laws and regulations, and take corrective actions whenever necessary.





DESIGNING TOMORROW'S SOLUTIONS

We have a culture of innovation at Knowles that has enabled us to solve challenges for some of the most demanding companies in the world and by continuing to innovate, we have developed a unique set of differentiated solutions for the end markets we serve. By prioritizing collaboration, research, and design, we can offer cutting-edge audio and precision device solutions. We work with our customers to design new products that address their unique needs. This can be in the form of modifying an existing product or designing an entirely new one for the customer's specific application.

We have maintained a focus on products in our core, where we have a significant competitive advantage, and directed our R&D spend to investments in high-value solutions in growing end markets. Our robust R&D process covers new products from inception to production. Each product must meet specific requirements from development and design to manufacturing and distribution. Our engineers work with internal marketing experts to design new devices with specific features for novel applications. We may develop a prototype to assist in evaluating performance and marketability. Throughout the process, we assess the product's safety and environmental impact, and ensure that materials comply with any applicable regulations.

We are renowned for leading performance, rock-solid quality, and high-volume manufacturing, which translates to an excellent customer experience. Our teams thrive on solving for hard-to-meet performance requirements and complex technical challenges with solutions that make it easier for our customers to bring new technology innovations to market to keep pace with the quickly evolving way that we are working, living, and communicating.

WE HAVE OVER

900

GRANTED AND
PENDING PATENTS

We pride ourselves on our relationships with our customers, working with them to enable next-generation devices and applications. This can only be accomplished by leveraging our unique engineering expertise. In addition, our vertical integration allows us to help customers get to market faster. It is the combination of these elements that has earned us a reputation for delivering high-quality components.

CERAMIC CAPACITORS FOR MEDICAL IMPLANTABLE DEVICES

The market for electronic medical implantable devices is growing as the global average life expectancy continues to get longer. Advances in engineering and scientific technology in the digital age is bringing change to the nature of health care delivery, in particular for patients suffering from degenerative and cardiovascular diseases. The number of implantable cardioverter defibrillators and cardiac pacemakers is growing at a steady rate, with increased functions thanks to wireless technology.



Rapid technological innovations are leading to super miniaturization of the electronic circuits in implantable products. For example, there are neurostimulation products for pain management, hypertension, sleep apnea, spinal cord and deep brain stimulation, among many others. In addition, implantable devices for heart monitoring, loop recorders, and cochlear applications continue to expand. As smaller devices simplify implant surgeries and are favored by doctors, medical companies are working to reduce the size of the implantable devices, integrate more electronic functions, and provide increased reliability. Our advancements in capacitor materials and designs has helped to meet the demanding requirements of reduced size and increased reliability.



Medical implantable devices are highly regulated by federal regulatory bodies around the world to maintain the highest level of reliability. Knowles specializes in tightly controlled processes and quality assurance and possesses high-quantity testing capability for medical grade capacitors. We work closely with mature and start-up medical companies to help create or fine tune source control drawings governing the supplied capacitors, and perform extensive quality conformance inspection.



ENSURING SAFE PRODUCTS

We are unwavering in our commitment to providing safe and reliable products on which our customers can depend. This is especially critical for Knowles products used in medical devices. In addition to incorporating structural safety into our designs, we also identify and remove potentially harmful materials. We continuously monitor and evaluate local, federal, and global material compliance legislation such as the European Union’s Registration, Evaluation, Authorization, and Restriction of Chemicals (“REACH”) and Restriction of Hazardous Substances (“RoHS”) Requirements, California Proposition 65 (“Prop 65”), plus specific customer requirements to ensure we comply with all applicable rules regarding restricted substances. For all of our products, we have rigorous quality assurance protocols in place to ensure the quality of the products.

Our products are also used to ensure the safety of equipment and of the people operating the equipment. During 2022, Knowles Precision Devices has continued to launch new safety rated capacitor ranges and are undertaking further R&D to extend these ranges further still. The aim is to have the widest range of safety-certified multilayer ceramic capacitors available in the industry.

Knowles’ commitment to excellence and safety extends beyond our products. We take steps to ensure each device is consistently manufactured to the highest quality standards, our staff remain safe while making them, and that we exercise our due diligence to conduct our business in harmony with the environment. Below are the certifications we obtained to ensure our operations run smoothly so that we can provide the best products possible, the best way possible.

Our Largest Manufacturing Operations are Certified to ISO Standards:

LOCATION	QUALITY MANAGEMENT SYSTEMS	ENVIRONMENTAL MANAGEMENT SYSTEMS	OCCUPATIONAL H & S MANAGEMENT SYSTEMS
China	ISO 9001	ISO 14001	ISO 45001
Malaysia	ISO 9001	ISO 14001	ISO 45001
Philippines	ISO 9001	ISO 14001	ISO 45001





KNOWLES' FORMULA FOR THE BEST EARPHONE MUSIC LISTENING EXPERIENCE

Knowles has demonstrated a new Preferred Listening Response Curve for earphone design, reflecting findings to ensure the best and most satisfying music listening experience for consumers listening to streaming music through headphones. As more music streaming services are offering high resolution ("hi-res") audio, the Knowles Curve provides key insight into designing wired and wireless headphones that meet consumer listening preferences and deliver the best hi-res listening experience.

The Knowles Curve was developed after analyzing more than 200 recordings, chosen from the last 20 years of the Billboard Hot 100 to represent much of the music that headphone wearers are likely to be streaming. Then, Knowles conducted controlled blind testing of a wide variety of listeners to determine what makes the best sound quality, as preferred by listeners. Key findings from the Knowles research revealed that many headphones fail to reproduce the significant high frequency content in popular music.

Using technology only recently available, Knowles was able, for the first time, to extend an understanding of user preference beyond 10 kHz to create the Knowles Preferred Listening Response Curve. This data provides valuable insight on how to tune wireless headphones to create the best sounding audio available.





OUR OPERATIONS & THE ENVIRONMENT

At Knowles, we believe that being an ethical company includes conducting our business in an environmentally responsible manner. We uphold this commitment by complying with all applicable environmental laws and regulations and working to reduce our environmental impact. We strive to lessen any negative environmental effects from our operations and products, and to ensure the health, safety, and welfare of all our employees. In the event any issues arise, we take prompt action to address them.



ENVIRONMENTAL GOVERNANCE

Our Company is committed to conducting business in an ethical, socially responsible, and environmentally sustainable manner. Our Board, primarily through its Governance and Nominating Committee, oversees corporate responsibility and sustainability programs. Oversight of ESG matters is an important part of the Board's work, and ESG matters are considered in setting the policies and principles that govern our business.

In addition to specific risk areas overseen by the respective Board Committees, at least annually the Board receives a comprehensive overview of all material risks facing the Company and the risk mitigating strategy for each, including the potential impacts of climate change. The Company's risk mitigation strategy for catastrophic weather or geological events such as those that may be caused by climate change involves emergency plans and employee training on disaster preparedness, as well an annual review of our Business Continuity Plan, an annual review of our facilities with our insurers, and plans to test emergency response and crisis management protocols at our manufacturing locations.

REDUCING OUR IMPACT

We strive to reduce the resources consumed during operations. To save paper, our employees are encouraged to consider the environment before printing, and to use e-documents whenever possible. We conserve energy by using efficient light bulbs throughout our facilities. In addition, we utilize low-flow toilets and sinks to help reduce our water consumption.

As we continue our efforts to reduce our environmental impact, Knowles continues to evaluate its operations to identify opportunities for increased use of renewable energy sources.

OPERATING RESPONSIBLY

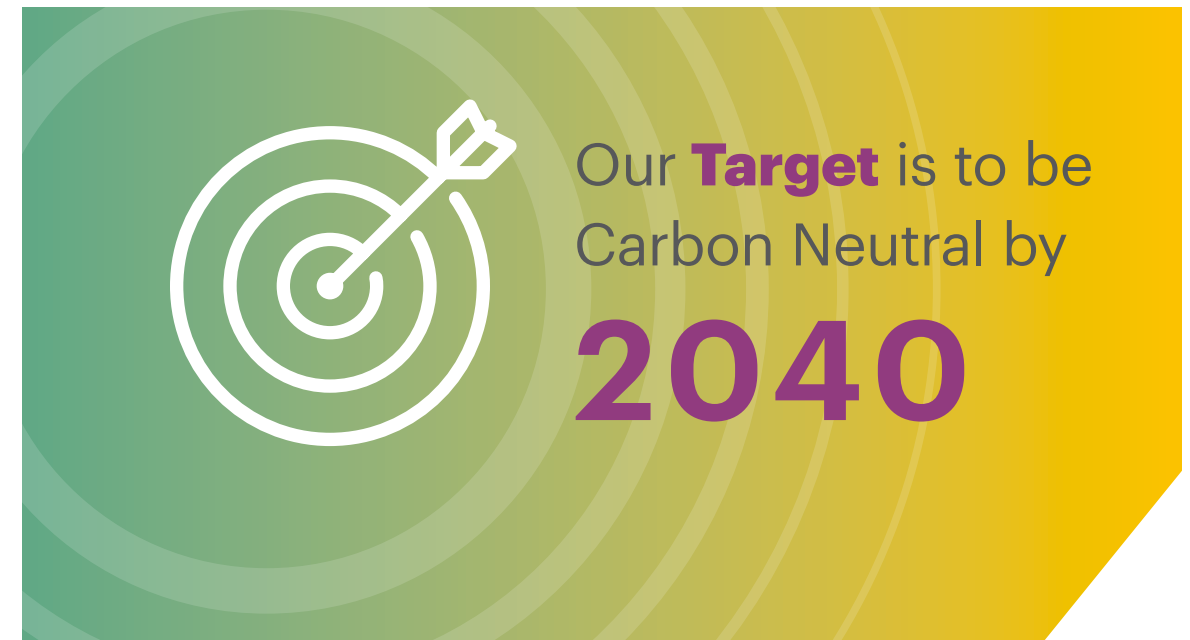
We recognize the importance of managing resources responsibly and practicing prudent conservation principles. In 2022, with the support of our Board of Directors, we have adopted a target to be carbon neutral by 2040. As we continue to review and manage our environmental impact, our path forward will include:

- continuously assessing our ESG priorities to identify focus areas, risks, and opportunities;
- establishing, measuring, and regularly reviewing environmental objectives;
- educating our employees to help them understand and work towards our goals;
- reporting progress in reducing our environmental footprint; and
- considering environmental impacts when making business decisions.

ESG Governance Structure



**In collaboration with members of the Company's executive team, including the Chief Financial Officer, SVP & Chief Operating Officer, and the SVP, HR & Chief Administrative Officer.*





BOKASHI BALLS FOR WATER TREATMENT

The hydrosphere is the sum of Earth's water, in the ocean, the ground, on the surface, and in the air. Approximately 71% of Earth's surface is covered in water. Of all of that water, only about 3% is freshwater. An even smaller amount can be used as drinking water. Water cycles throughout the system continuously as the sun's radiation causes it to evaporate, rise into the atmosphere, condense, then fall as precipitation.

The hydrosphere affects both biological and non-biological factors of life on Earth, and is essential to our planet and to all living things. As Earth's population grows, the quality of its water is put at greater risk. Industrial processes and human activity contribute to water pollution and increased nutrients entering the water. Nutrients are essential for plant growth, but an overabundance of nutrients in water starts a process called *eutrophication*. Algae feed on the nutrients—growing, spreading, and turning the water green—and can smell bad, block sunlight, and even release toxins in some cases. When the algae die, they are decomposed by bacteria and this process consumes the oxygen in the water (biochemical oxygen demand, or “BOD”) that is needed by fish and other aquatic life.

Bokashi ball technology can help restore impaired bodies of water, especially those that have experienced eutrophication. The Bokashi ball consists of multiple microorganisms (for example, fermented Bokashi, red sugar, fish powder, calciumine and salt) that work together to regain the oxygen content of the water and diminish harmful toxins and bacteria. One fist-sized Bokashi ball can treat one cubic meter of water. Once the Bokashi ball has been thrown into the water, plankton will be released and will feed on the bacteria that caused eutrophication. As algae and bacteria are consumed by the plankton, it decreases the turbidity of the water, and helps the water return to its clean, natural state.



Our team at Knowles Electronics Philippines feeds Bokashi balls into its septic system with the objective of improving wastewater quality. The Bokashi balls have significantly reduced BOD. In addition, Bokashi balls are purchased from a local women's group, thereby providing economic support within our local community.



EMISSIONS AND ENERGY

GREENHOUSE GAS EMISSIONS		
	2020	2021
Scope 1 and Scope 2 Emissions (Metric Tons CO ₂ e)		
Direct Scope 1 Emissions	6,114	8,164
Indirect Scope 2 Emissions (Location-based)	57,452	61,213
Indirect Scope 2 (Market-based)	49,525	52,108
Total Scope 1 & Scope 2 Emissions (Location-based)	63,566	69,377
Total Scope 1 & Scope 2 Emissions (Market-based)	55,639	60,272

Although our carbon footprint and energy use are relatively modest, we are committed to reducing emissions and identifying ways to improve energy efficiency wherever practicable. We have completed a more detailed assessment of our Scope 1 and Scope 2 emissions, increasing the number of our locations included in our analysis (versus our prior Sustainability Report). Our greenhouse gas emissions and electricity consumption figures now include sites representing over 97% of our global square footage. As our processes for compiling data are continuously improving, previously disclosed historical amounts are subject to adjustment.

In absolute numbers, our total Scope 1 and Scope 2 (market-based) carbon footprint increased by approximately 8%. However, when normalized to our revenue figures, our total Scope 1 and Scope 2 emissions intensity decreased by approximately 5%.

ELECTRICITY CONSUMPTION		
	2020	2021
Electricity Usage (MWh)	101,013	109,233
Electricity Intensity (MWh per \$1M of revenue)	132	126

GREENHOUSE GAS EMISSIONS		
	2020	2021
Emission Intensity (Metric Tons CO ₂ e per \$1M of Revenue)		
Scope 1 Emission Intensity	8	9
Scope 2 Emission Intensity (Location-based)	75	71
Scope 2 Emission Intensity (Market-based)	65	60
Total Scope 1 & Scope 2 Emissions Intensity (Location-based)	83	80
Total Scope 1 & Scope 2 Emissions Intensity (Market-based)	73	69

From 2020 to 2021, we reduced our electricity intensity by approximately 5%. In addition, approximately 15% of our total purchased electricity is from renewable sources.

Electricity use is the main driver of our Scope 1 and Scope 2 greenhouse gas emissions and we continue to assess opportunities to optimize energy management to reduce our carbon footprint.





WATER USAGE

WATER USAGE		
	2020	2021
Water Withdrawal (Cubic Meters)	836,412	800,834
Water Intensity (Cubic Meters per \$1M of Revenue)	1,094	923

Water is both a critical global resource and an essential aspect of our business operations. The chart above depicts our water usage at our 11 manufacturing locations. Overall, approximately 73% of our reported water withdrawal is from areas of high or extremely high water stress. We continue to monitor our water usage and look for opportunities to reduce water withdrawal and consumption. As our processes for compiling data are continuously improving, previously disclosed historical amounts are subject to adjustment.

WASTE REDUCTION

WASTE GENERATED		
	2020	2021
Hazardous Waste (Metric Tons)	491	478
Hazardous Waste Intensity (Metric Tons per \$1M of Revenue)	0.64	0.55

As part of our commitment to minimizing our environmental impact, we are continually investigating and evaluating new ways to reduce waste we produce and energy we consume. One of the ways we accomplish this is by recycling waste wherever possible, both in our corporate offices and manufacturing locations. If items such as computers or printers become obsolete for our needs, but might still be useful for others, we donate them whenever possible.

To further our goal of minimizing our environmental impact, we are particularly invested in responsibly managing and minimizing the hazardous waste we produce. In 2021, we disposed of approximately 478 tons of hazardous waste across our manufacturing locations, fully compliant with all local and federal regulations. We will continue to seek ways of reducing this waste and ensuring its disposal is safely carried out.





WORKING TOWARDS A SUSTAINABLE SUPPLY CHAIN

Providing our customers with superior audio experiences requires a reliable and responsibly operated supply chain. We take great care to ensure all our resources are ethically sourced through our supplier screening and accompanying audit processes. We actively seek suppliers who align with our values and share our vision of operating sustainably.





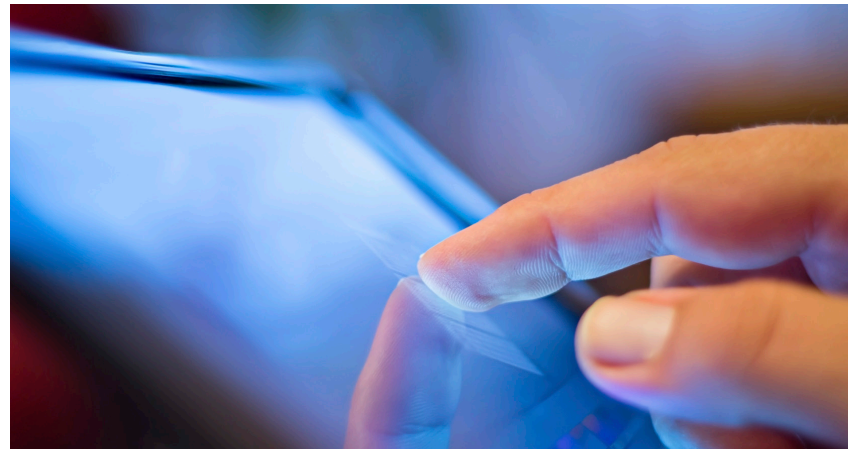
We rely on our global network of suppliers to provide us with the materials and services needed to manufacture our products. We see our suppliers, both large and small, as partners to collaborate with regarding cost, quality, availability, and compliance. Our collaboration with them will increasingly include sustainability-related issues as we strive to minimize our environmental impact, because we recognize that a substantial portion of our impacts as a company (environmental, social, and otherwise), are due to the activities of our suppliers. We are committed to ensuring that our suppliers are operating in a manner that is consistent with our values, and that they are similarly committed to understanding and reducing the impacts of their supply chains.

To achieve our sustainability goals, we must work closely with each of our suppliers to ensure we are in alignment when it comes to operating responsibly. Our relationships with our suppliers are guided by the Knowles Supplier Quality Manual, which outlines our expectations for supplier performance regarding quality and product performance, compliance with regulations, environmental management systems, conflict minerals, supply chain security, and material qualification processes. In addition, we require our suppliers to fully understand and adhere to our Supplier Code of Conduct, which outlines the social requirements of our suppliers, and is consistent with the Responsible Business Alliance (“RBA”) Code of Conduct. We expect our suppliers to completely adhere to the standards described in these documents, for the duration of our partnership.

In order to ensure our suppliers are compliant with these expectations, we conduct audits across a variety of criteria, including working conditions, product quality, environmental practices, and health and safety, congruent with the RBA’s Validated Audit Process (“VAP”). If we uncover any non-conformity during these audits, we swiftly develop and implement correction plans to ensure compliance. If a supplier does not bring their operations up to our expectations, Knowles will not continue to do business with them. Our Performance Audio segment conducts these audits for over 80% of its Tier 1 suppliers, and our Precision Devices segment is formalizing similar processes.

To further ensure our supply chains are operating as intended, we also participate in quarterly business reviews with our suppliers. As part of these meetings, we discuss what social responsibility topics are relevant to the supplier, and how to integrate these topics into our suppliers’ business strategies. We also consider how our suppliers can assist us in executing our supply chain initiatives to further our goal of operating responsibly.

Working toward a more sustainable supply chain also means reducing consumption of the world’s finite resources, including rare elements like palladium. In 2020 we developed higher performing base metal capacitors and reduced the palladium content in select capacitors, achieving approximately a 7% reduction in our overall use of palladium. In 2021, we further reduced our overall use of palladium by approximately 11% in comparison to the prior year through our continued implementation and adoption of design changes to our semiconductors.



Our audit process is in alignment with RBA VAP, and covers:

- Labor
- Health and Safety
- Environment
- Ethics
- Management System



SASB INDEX

Standard	Topic	Accounting Metric	Disclosure
Hardware	Product Security	Description of approach to identifying and addressing data security risks in products.	Most of our products are passive components, meaning they do not have the ability to store or record sensitive personal information. Our products that do contain this ability can only do so when combined with our customers' broader systems. As such, our customers are responsible for addressing data security risks related to these overall systems.
	Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees.	Please see page 16 of this report.
	Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substance.	33.6% for our Precision Devices business segment, 24% for our Performance Audio segment.
		Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent.	From our review, EPEAT does not apply to our products.
		Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria.	ENERGY STAR criteria do not apply to our products.
		Weight of end-of-life products and e-waste recovered, percentage recycled.	We do not currently track this data at the corporate level.
	Supply Chain Management	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities.	For our Performance Audio segment (which represented approximately 77% of our total revenue in fiscal year 2021), over 80% of our Tier 1 suppliers and their facilities are audited in a process that is equivalent to the RBA VAP. This includes all facilities, and in the few cases where the supplier has multiple facilities, the audit is performed at the location(s) where Knowles orders are being produced. Our Precision Devices segment (which represented approximately 23% of our total revenue in fiscal year 2021) is developing similar processes.
		Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances.	All of our Tier 1 suppliers are compliant. Any non-conformances identified as part of our supplier audit process are addressed, and if not rectified we do not continue doing business with that particular supplier.
	Materials Sourcing	Description of the management of risks associated with the use of critical materials.	Based on our downstream assessment of the minerals used in our product, our suppliers have listed multiple smelters across many regions, minimizing and diversifying our supply risk. Considering the size of our product, our usage is low.



Activity Metric	Response
Number of units produced by product category	We do not currently track this data at the corporate level
Area of manufacturing facilities	1,211,540 ft² globally
Percentage of production from owned facilities	39%



© 2022, Knowles Electronics, LLC, Itasca, IL USA.
All Rights Reserved. Knowles and the logo are
trademarks of Knowles Electronics, LLC.