



2021 Corporate Sustainability Report

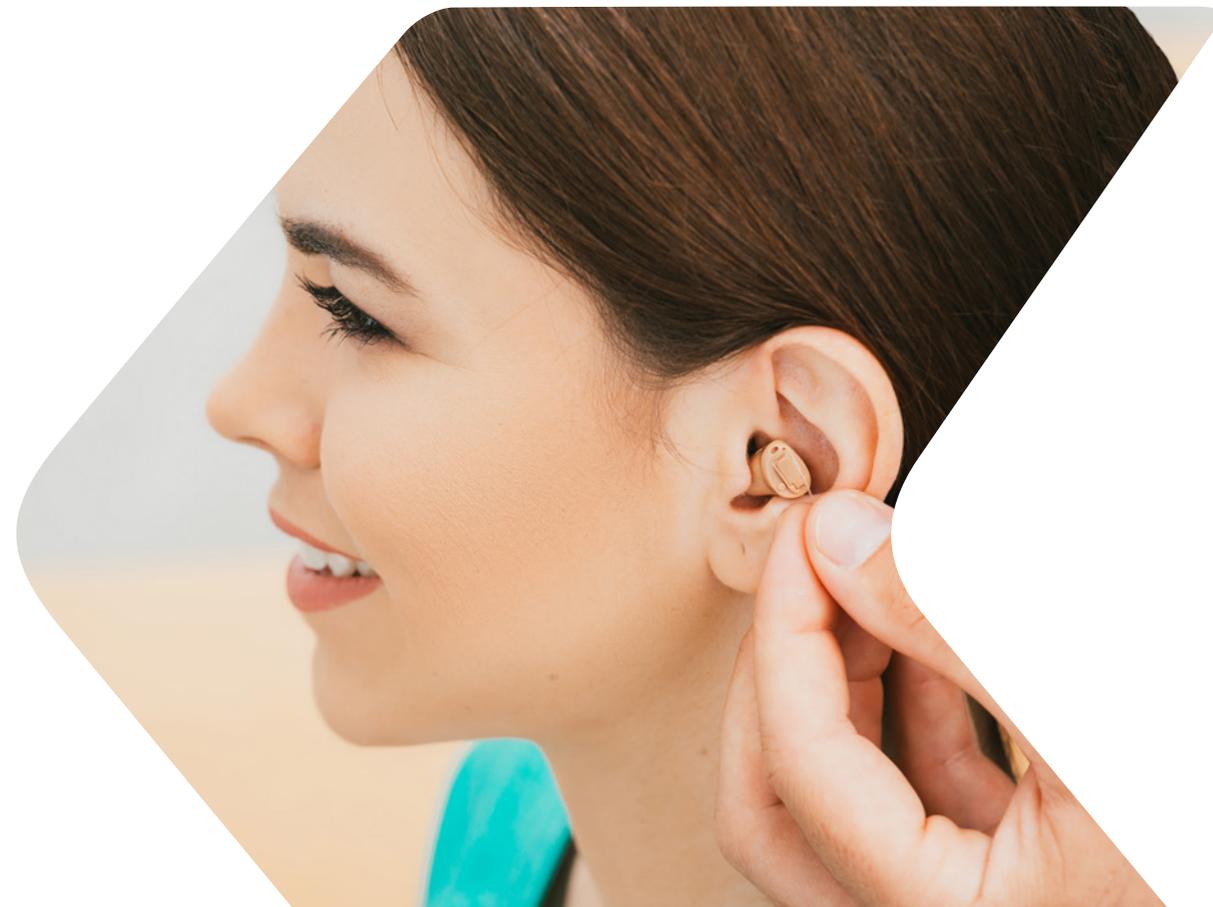


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CEO LETTER

I am pleased to share our first Corporate Sustainability Report (“CSR”) to highlight our commitment to conducting business in an **ethical, socially responsible, and environmentally sustainable** manner. This commitment is consistent with our corporate objectives and is essential to our continued business success. In this report, we share our strategies, statistics, and long-term sustainability initiatives to be transparent and drive our continuous improvement because I believe it is of significant importance to our employees, potential recruits, customers, investors, and suppliers. This CSR highlights our accomplishments and provides more insight into how we do business with integrity, how we respect and value our employees and the environment, and how our shared values unite us as a company.

Ethical

Governance is about managing the Company in a way that takes into account the interests of a wide variety of groups —our employees, our customers, our shareholders, and the communities in which we operate our business. Governance is more than just following the rules, it is creating a culture of high ethical standards when it comes to matters such as full and honest financial and accounting transparency, employee and executive compensation, and avoiding conflicts of interest. Knowles is committed to ethical business practices under strong Board leadership to benefit all of our stakeholders.

Socially Responsible

We are proud that our workforce reflects the communities in which we live and work. We are committed to the health, safety, and welfare of our employees and stakeholders, and are focused on enhancing diversity, equality, and inclusion within our culture. As the leader of Knowles, to further demonstrate my commitment, I have signed the pledge for CEO Action for Diversity & Inclusion, pledging to make Knowles a workplace that recognizes and

discusses the importance of diversity and inclusion, implements unconscious bias education, shares lessons learned and best practices, and creates and shares strategic diversity and inclusion plans with our Board of Directors.

Environmentally Sustainable

We have built our business on the conviction that in order to have long-term success, we not only must comply with all applicable legal and regulatory requirements and ensure that our high-quality products meet our customers’ needs, but also ensure that our business activities are sustainable and that we operate in a manner that benefits society. Through various practices across the Company, such as reducing waste, increasing energy efficiency, and using renewable materials, we are striving to reduce the environmental impact of our day-to-day operations and build a sustainable future.

We are committed to engineering a better tomorrow through the actions we take on a daily basis. We believe that our focus on ethical, socially responsible, and environmentally sustainable behavior guides our decision-making processes and helps keep us accountable. Being a good corporate citizen is deeply rooted in our core values to be Innovative, Passionate, Agile, Trustworthy, and Empowered. This CSR highlights our focus on continually improving our business, our governance, our people, our environment and our communities.

Sincerely,

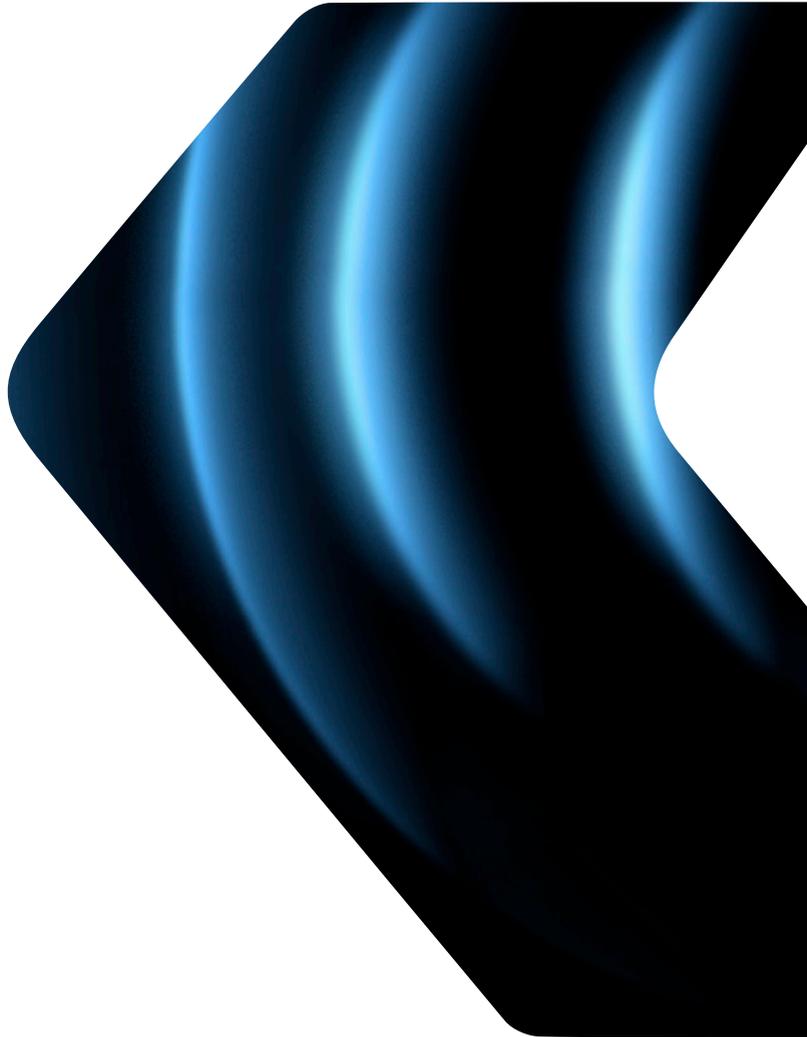
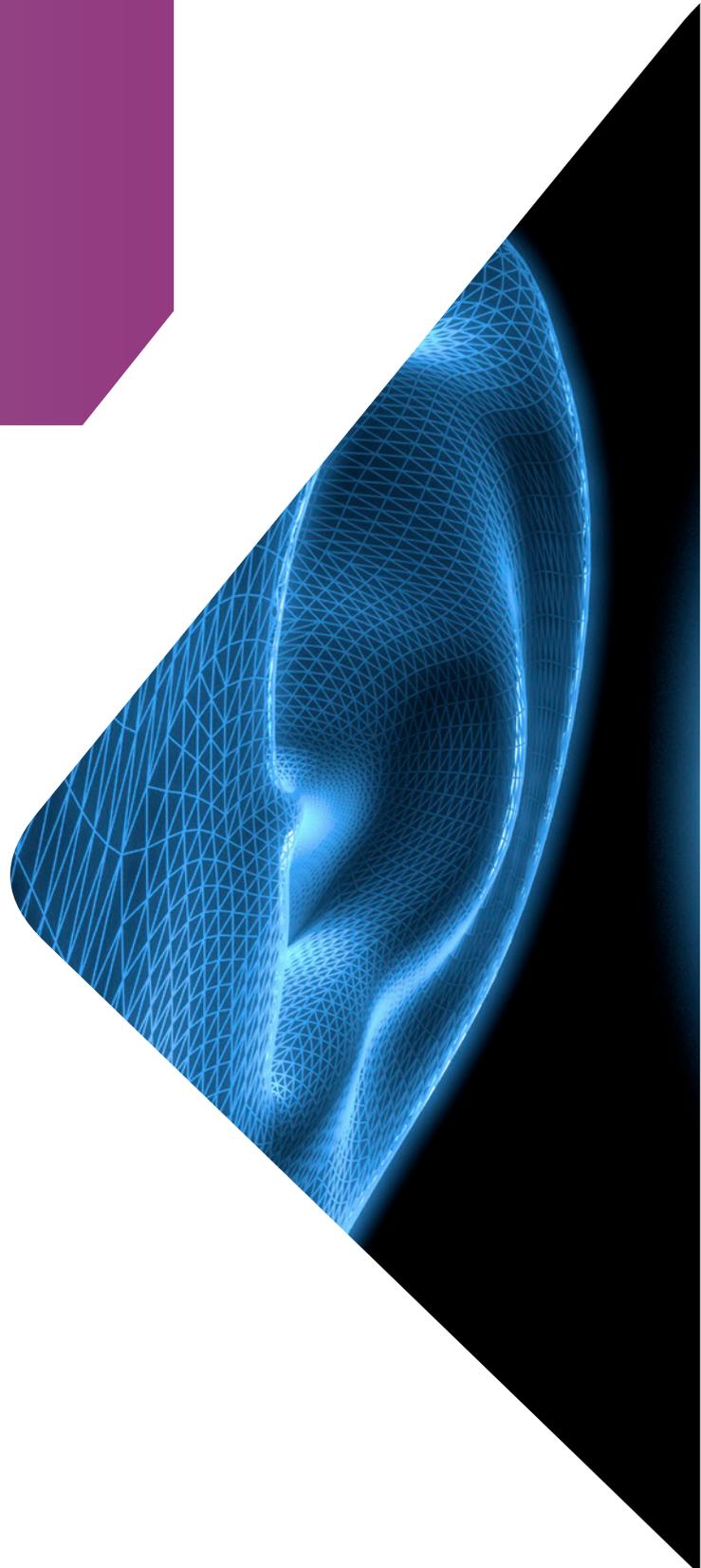


Jeffrey Niew
President and CEO



OUR COMPANY

Knowles Corporation (NYSE: KN) is a market leader and global provider of advanced micro-acoustic, audio processing, and precision device solutions, serving the consumer electronics, communications, medical technology (“medtech”), defense, electric vehicle, and industrial markets. We have approximately 7,000 employees and 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

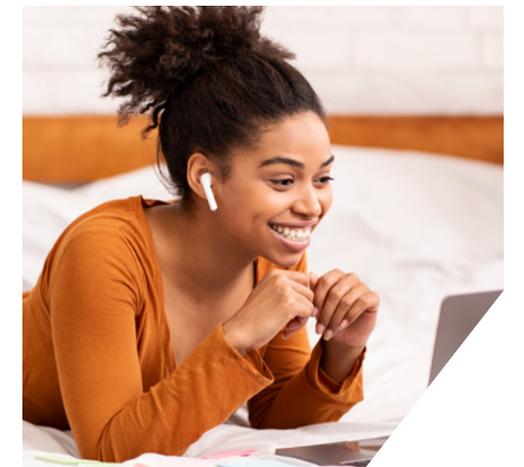
WHAT WE DO

We use our industry-leading position in micro-electro-mechanical systems (“MEMS”) microphones, balanced armature speakers, and strong capabilities in audio processing technologies to optimize audio systems and improve the user experience in mobile, ear, and Internet of Things (“IoT”) applications. We also provide cutting-edge solutions in acoustic components, high-end capacitors, and mmWave radio frequency (“RF”) technologies for a diverse set of markets. Our focus on the customer, combined with our unique technology, proprietary manufacturing techniques, rigorous testing, and global scale, enables us to deliver innovative solutions that optimize the user experience.

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.

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, medtech, 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. Locations include the sales, support, engineering, and manufacturing facilities in North America, Europe, and Asia.

We sell our products directly to original equipment manufacturers (“OEMs”), 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.

Environmental, Health and Safety Policy

At Knowles, we understand that environmental protection and people's safety are interconnected. In addition to implementing programs to promote sustainability, we have instituted a Green Materials Policy and Supplier Code of Conduct throughout the Company. Our environmental, health, and safety management system is aligned with the standards of the International Organization for Standardization, ISO 14001 and ISO 45001.

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.

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.

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 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 issues.

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

Our Board of Directors (“Board”) consists of nine members, all of whom are independent directors, with the exception of our Chief Executive Officer (“CEO”). 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 and evaluating their performance, the Governance and Nominating Committee develops, reviews, and recommends periodic updates to the Company’s Corporate Governance Guidelines and Code of Business Conduct and Ethics. The Governance and Nominating Committee is also responsible for overseeing ESG matters.

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

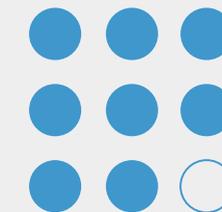
- **Corporate Governance Guidelines**
- **Code of Business Conduct and Ethics**
- **Code of Ethics for the Chief Executive Officer and Senior Financial Officers**
- **Related Persons Transactions Policy**

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

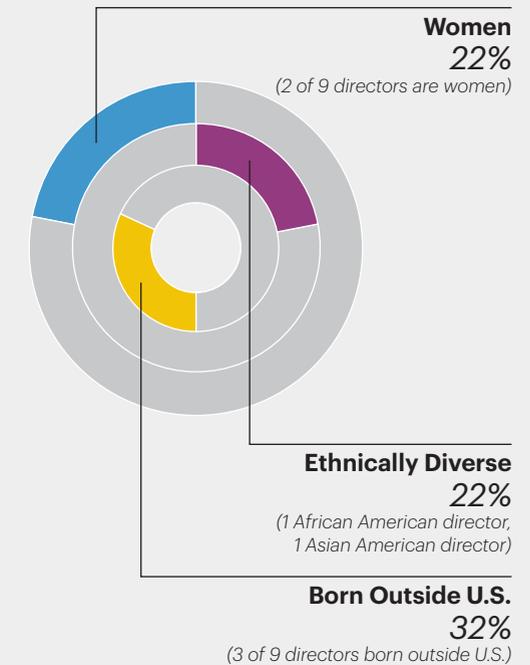
- ✓ Declassified Board as of 2021 Annual Meeting
- ✓ Separate non-executive Chairman and CEO roles
- ✓ Board member average tenure is 5 years
- ✓ Board committees comprised only of independent directors
- ✓ Regular Board, Committee, and Director evaluations

BOARD SIZE AND INDEPENDENCE



8 out of 9 directors are independent

BOARD DIVERSITY



ETHICS & COMPLIANCE

As Knowles continues to grow, global business and technology evolve to meet the needs of today's marketplace. As this change takes place, we must continue to vigilantly uphold our values and operate with the highest ethical standards. 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.

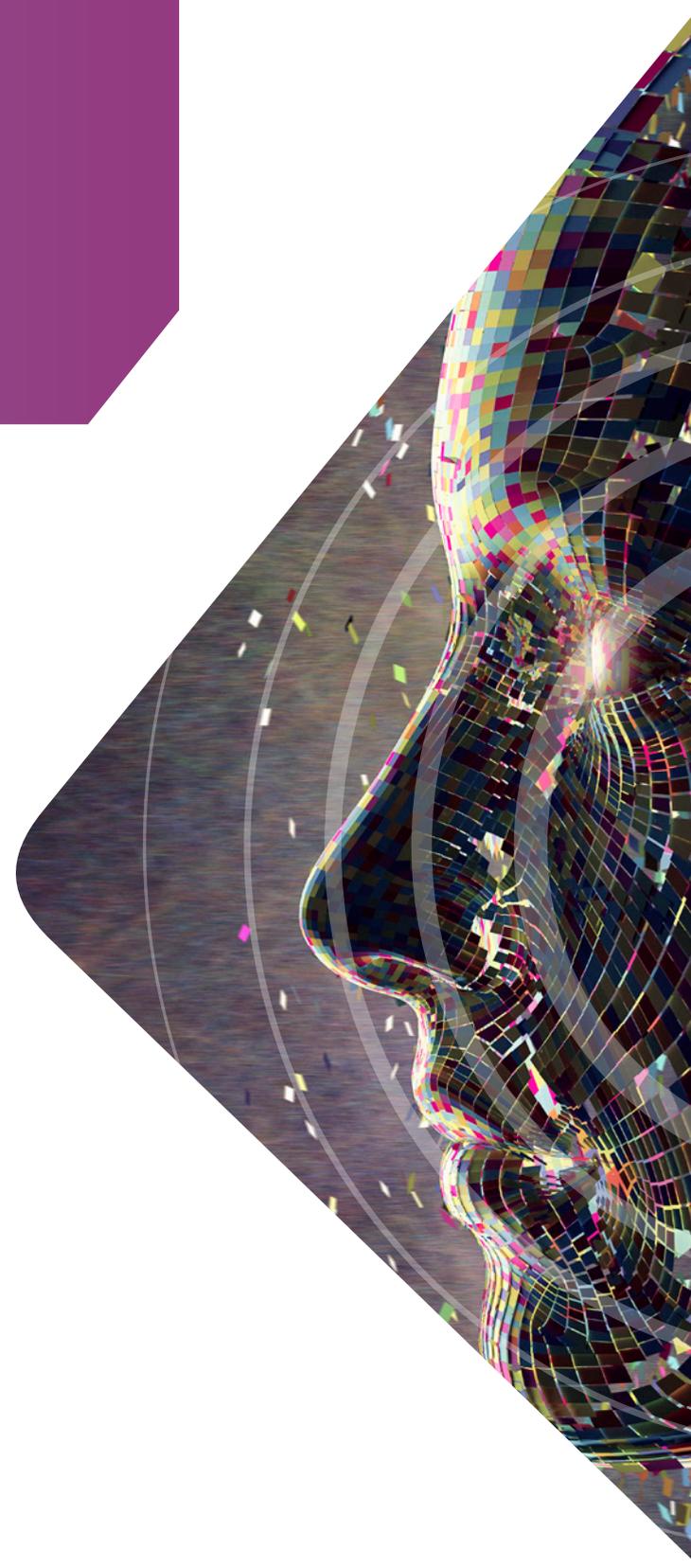
The foundation of our commitment to ethical business practices is our Code of Business Conduct and Ethics (the “Code of Conduct”). All Knowles employees are required to review the Code of Conduct and are provided mandatory training on how it impacts their work and business decisions. All employees receive this training on an annual basis. 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 security; and our positions against corruption, bribery, and money laundering. In 2020, we adapted the training program to incorporate web-based delivery and other remote methods due to the COVID-19 pandemic.

If anyone has any questions about compliance with our Code of Conduct or other concerns related to ethics, Knowles encourages employees to seek guidance from their manager, a human resources representative, or a member of the legal or corporate compliance department. In addition, Knowles expects employees to alert their supervisor or one of these other departments if there is any suspicion of misconduct. 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 pushing boundaries 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.





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. 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.

TALENT & RECRUITMENT

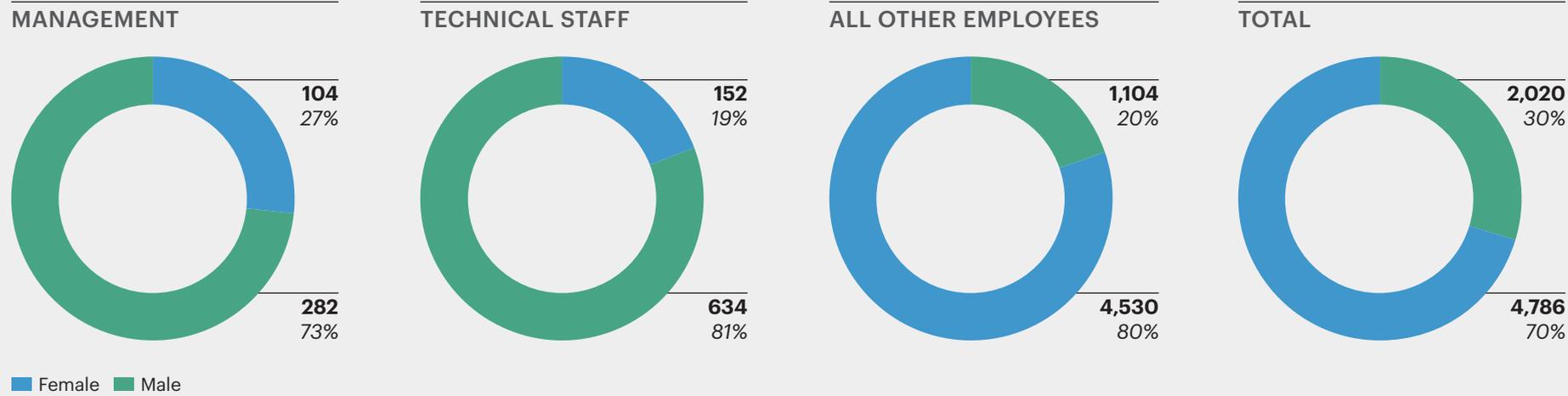
We understand that our most important resource is our employees. To attract and retain the best employees possible, we provide a competitive total rewards program that embodies our pay-for-performance philosophy. Our total rewards program includes market-competitive base pay, broad-based short-term and long-term incentive plans, healthcare 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. In 2021, we launched our partnership with PEAK, Partnership to Educate and Advance Kids, a Chicago-based nonprofit that is focused on providing academically average students from the city's most challenging and under-served neighborhoods with financial, educational, and personal support through their high school years. Knowles also serves as a perennial sponsor to the University of Illinois at Chicago ("UIC") Women in Engineering Summer Program ("WIESP"), which advances opportunities for young women in science, technology, engineering, and mathematics ("STEM"). The Company partners with universities to support students of underrepresented minority groups. Our support includes scholarships, mentoring and internship opportunities. 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 employee's growth trajectories.



Global Diversity Data at Knowles

Figure 1



U.S. Race and Ethnicity Data

Figure 2

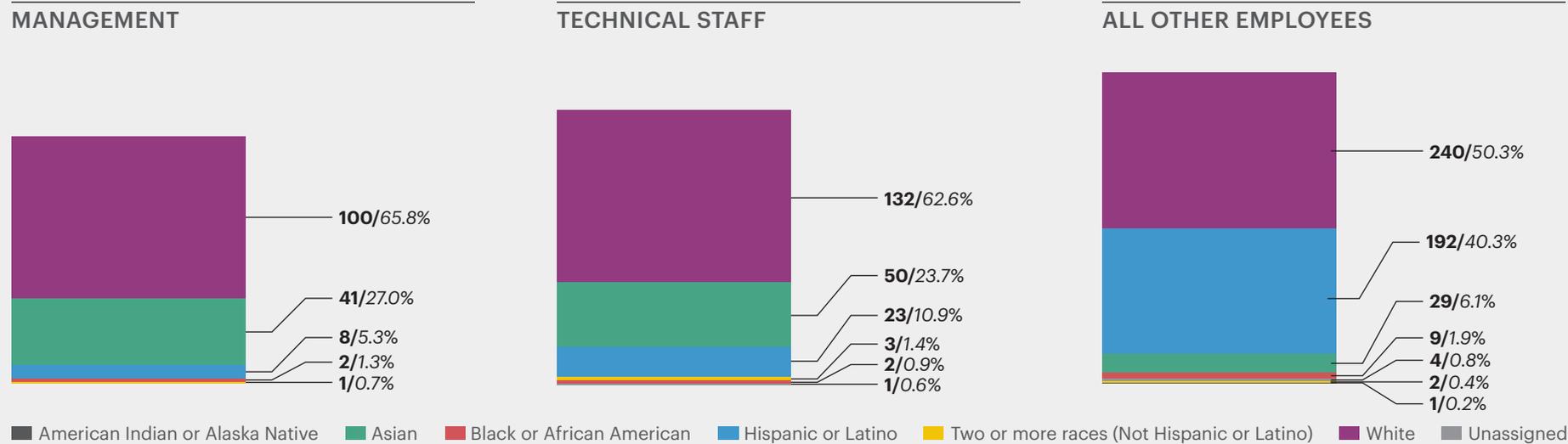


Fig. 1 represents our gender diversity across global operations, and **Fig. 2** represents our ethnic and racial diversity across U.S. operations. Both of these data sets were compiled as of April 2021. Knowles remains dedicated to improving diverse representation, in all of its forms, across all of our operations, and we will continue to take steps to increase the diversity of thoughts, ideas, beliefs, and experiences brought by our team members.

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. Under this framework, we have launched a communications campaign 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. Those initiatives have included partnering with non-profit organizations and diverse academic institutions to provide scholarships, mentoring, and internship opportunities. We have also worked to increase representation of underrepresented groups in our candidate pool and through targeted career development programs.

In addition, as part of our diversity and inclusion strategy, in 2020 we launched implicit bias training for our U.S. employees and created a Diversity and Inclusion Council. The Diversity and Inclusion Council is 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 across our operations.

After the social unrest in the United States in the summer of 2020, our Chief Executive sent a letter to the entire organization outlining our commitment to diversity and social justice. As part of this commitment, we formally signed the pledge for CEO Action for Diversity & Inclusion, and continue to seek new ways to support and create a more inclusive workplace. We also launched a new diversity page on our website, and diversity and inclusion became even more important aspects of our hiring processes and human capital management strategy.

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](#).

Knowles has developed programs that encourage young women to consider careers in STEM. In partnership with the University of Illinois at Chicago (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.



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.



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 workers from exposure to potential 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 FY20 we had an Lost Time
Incident Rate (LTIR) of

0.13%

across all of our
manufacturing sites.



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.



The First Sounds from Mars Delivered by Knowles

On March 2, 2021, Knowles made space exploration history: NASA scientists heard the first audio recording from Mars. A Knowles EK series microphone transmitted the sound of wind blowing across the Martian surface. On April 30th, the tiny microphone also relayed the sound of the Ingenuity Mars Helicopter flying over the planet. Embedded in the SuperCam of the Perseverance rover, NASA selected the EK series microphone due to its durability, high acoustic sensitivity, and low vibration sensitivity.

Knowles has a long-standing relationship with NASA. On July 20, 1969, Neil Armstrong addressed humanity from the moon through a Knowles microphone: "That's one small step for man, one giant leap for mankind."



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 and sustainable 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 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.

Examples of our recent innovations include:

Automotive-Grade SiSonic MEMS Microphones

we designed automotive microphones to a higher quality standard to support the increasing market demands for hands-free calling, advanced voice assistance, and in-cabin noise cancellation.

Balanced Armature Speakers

we have an innovative design and manufacturing process that produces some of the world's smallest speaker technology; used in earphones and hearing aids, these devices are low power and offer a longer battery life.

High Performance Capacitors

our PD segment specializes in high-voltage capacitors used in electric vehicles and 5G towers, high-temperature capacitors used in industrial defense, and high-reliability capacitors used in medicine technology.

RF Filters

as part of the race to implement 5G wireless communication, we designed new RF filters with an array of tiny antennae to capture and filter these new high-frequency signals.

Our Commitment to Hearing Health

In 1954, Knowles developed the world’s first miniature microphone and receiver for hearing aids. Since then, we continue to develop new and improved products to meet market needs and demands, and to be the leading supplier to the hearing health market. Our balanced armatures were originally developed for hearing aids and are considered the world standard for modern devices. Hugh Knowles founded the Company with the goal of developing miniature microphones and speakers for use in hearing aids, which at the time were bulky devices. We delivered the required innovation and formed the first miniature microphones and balanced armature speaker for hearing aids. These small, power-efficient transducers, capable of producing high-quality audio, effectively enabled the modern-day hearing aid industry.

Our commitment to hearing health extends beyond our production of hearing aids. We support the Starkey Hearing Foundation, which focuses on the training and education of those who give the gift of hearing to people in need. Starkey Hearing Foundation believes that hearing is a vehicle to reflect caring and to improve the lives of individuals, their families, and communities. Knowles is proud to be a partner to Starkey in that mission.



ENSURING SAFE PRODUCTS

We are unwavering in our commitment to providing safe and reliable products our customers can depend on. 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 evaluate and update the list of banned substances to make sure all our products are compliant with the European Union’s Registration, Evaluation, Authorization, and Restriction of Chemicals (“REACH”) and Restriction of Hazardous Substances (“RoHS”) Requirements, California Proposition 65 (“Prop 65”), and specific customer requirements.

For all of our products, we also have rigorous quality assurance protocols to ensure not only the quality of the products, but to also be certain that customers and end-users are not exposed to any hazardous materials.

Our products are also used to ensure the safety of equipment and of the people operating the equipment. In early 2020, Knowles Precision Devices introduced an expanded range of safety-certified surface mount multilayer ceramic capacitors (“MLCCs”) for electronic device applications. The capacitors offer customers a combination of capability and safety certification, and meet the demands of AEC-Q200 standards, modems, and AC-DC power supplies where a lightning strike or other voltage transients represent a threat to electronic equipment.

Knowle’s 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 the Following 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

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.



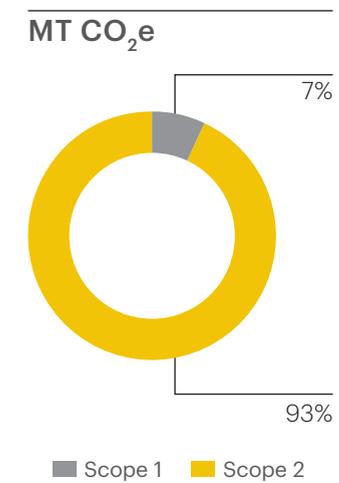
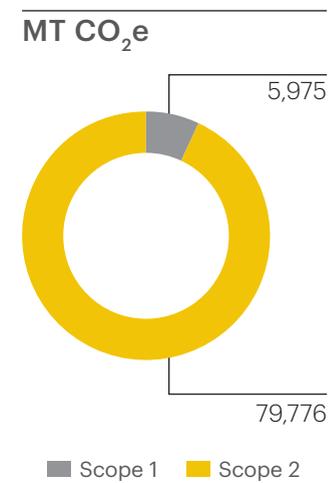


OPERATING RESPONSIBLY

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.

MEASURING OUR FOOTPRINT

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. Below are the results of our 2020 inventory, which includes our largest buildings and manufacturing sites. Moving forward, we will continue expanding the scope of this inventory until all of Knowles' operations are accounted for. In 2020 we consumed approximately 123,000 MWh and 1.1 million m³ of water, and produced approximately 86,000 metric tons of CO₂e.



REDUCING OUR IMPACT

As part of our commitment to minimizing our environmental impact, we are continually investigating and evaluating new ways to reduce the materials we use, 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 during manufacturing. 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 2020, we disposed of approximately 491 tons of hazardous waste across our operations, 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.

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. We also ensure computers are shut down each day after work. 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.



Environmental Stewardship in the Philippines

Our team at Knowles Electronics Philippines (“KEP”) has adopted several environmental programs designed to conserve the earth’s natural resources. For example, we are installing rainwater harvesting systems to capture rain-water for irrigation purposes, installing high-efficiency HVAC equipment, and implementing technologies to reuse process water. Further, the KEP team participates in a wide variety of environmental restoration and informational programs in their local communities, including tree planting and educational activities for communities and school children.



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.

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

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

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 a 7.4% reduction in our overall use of palladium.



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 14 of this report
	Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substance	35.3% for our Precision Devices business segment, 21.8% 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 2020), 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 2020) 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	1,211,500 ft ² globally
Percentage of production from owned facilities	43%



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