



2023  
CORPORATE  
SUSTAINABILITY  
REPORT



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# A Message From Our CEO

## As a global organization, Knowles has a responsibility to the communities in which we live and work.

Knowles is a company that embraces innovation, and as such, is innately committed to finding innovative ways to address the environmental, social, and governance (“ESG”) items that matter to our employees, shareholders, suppliers, customers, and our community at large. Our Corporate Sustainability Report (“CSR”) is a reflection of our belief in the importance of transparency around the strategy and performance of our sustainability programs.

### ➤ Environmental Stewardship

Responsible and sustainable practices are embedded throughout our everyday business operations, product design, and technology investments. 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. Guided by our Global Environmental Policy, we’re committed to reducing waste, increasing energy efficiency, and using renewable materials to reduce the environmental impact of our day-to-day operations and build a sustainable future. Last year we stated our goal to be carbon neutral by 2040. I am pleased to announce that we have expanded this initiative and are also targeting a 25% reduction in our Scope 1 & Scope 2 greenhouse gas emissions by 2030.

### ➤ Social Responsibility

Social responsibility is deeply ingrained in our corporate DNA. We understand that our success is intricately tied to the prosperity and well-being of the communities in which we live and work. Through strategic social investments, community engagement, and employee volunteerism, we strive to make a positive difference in the lives of those we touch. 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. To further demonstrate our commitment to underrepresented groups in STEM, Knowles committed \$200,000 to the University of Illinois at Chicago (UIC) College of Engineering to support the enrollment and academic success of female students pursuing STEM degrees. We are dedicated to empowering communities, fostering inclusivity, and supporting initiatives that promote education, health, and social welfare.

### ➤ Corporate Governance and Ethical Business Practices

Corporate governance and ethical business practices are the cornerstones of our organization. It 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. We foster a culture of integrity, transparency, and accountability, ensuring that ethical considerations guide our decision-making at every level. We hold ourselves accountable to our stakeholders, and our governance frameworks are designed to ensure effective oversight, risk management, and compliance with regulations. Knowles is committed to ethical business practices under strong Board leadership to benefit all of our stakeholders.

Our ESG strategy is a global initiative, and I am proud that all our employees are united in our shared responsibility to help the world become more sustainable, equitable, and secure.



Sincerely,

A handwritten signature in black ink, which appears to read "Jeffrey Niew". The signature is fluid and cursive.

**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 radio frequency (“RF”) products, serving the consumer electronics, communications, medtech, defense, electric vehicle, and industrial markets. Knowles uses its leading position in SiSonic™ micro-electromechanical systems (“MEMS”) 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 across multiple applications. Founded in 1946 and headquartered in Itasca, Illinois, Knowles is a global organization with approximately 7,000 employees in 13 countries.



FOUNDED  
IN  
**1946**

**7,000**  
EMPLOYEES

LOCATED IN  
**13**  
COUNTRIES



# What We Do

As the industry leader in MEMS (micro-electromechanical 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 is composed of three segments:

- **Precision Devices ("PD")**
- **Medtech & Specialty Audio ("MSA")**
- **Consumer MEMS Microphones ("CMM")**

Our 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.

Our MSA segment is primarily focused on delivering high reliability and industry-leading balanced armature speakers and microphones to leading hearing health manufacturers and premium audio markets. We work collaboratively with customers to ensure that our solutions meet their size, broad frequency response, and low power or custom acoustic module requirements. Our expertise in the traditional hearing aid market enables us to capitalize on emerging markets like Over the Counter hearing aids. In addition, 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. MSA has sales, support, and engineering facilities in North America, Europe, and Asia, as well as manufacturing facilities in Asia.

Our CMM segment benefits from the positive audio trends across consumer devices. With products ranging from smartphones to headsets, and from smart speakers to household appliances, improved audio quality and voice-powered interactions have emerged as critical and necessary features. Across mobile, computing, and Internet of Things markets, consumers want better audio performance and to engage with technology through natural, spoken commands; original equipment manufacturers are developing and deploying the technology to enable it. Our unique capabilities in MEMS microphones place us in a competitive position to enhance audio performance and enable voice input. CMM locations include sales, support, and engineering facilities in North America, Europe, and Asia, as well as manufacturing facilities in Asia.

The percentage of our production that occurs at owned facilities is approximately 45%. 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 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

We believe that we all have a responsibility to be alert to the risks of Modern Slavery and Human Trafficking and encourage our employees and our wider supply chain to report any concerns. 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, and informed by other internationally recognized standards including the Responsible Business Alliance, our Human Rights Policy mandates non-discrimination, fair compensation and working hours, and freely chosen employment. We do not discriminate or retaliate against employees for engaging in union organizing and collective bargaining activities, or in other forms of collective representation. Our Policy also prohibits child labor of any kind. We are committed to maintaining a high-quality human rights program through self-assessments, industry collaboration, benchmarking, and stakeholder engagement.



### 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. To achieve this we:

- Strive for our operations, products, and services to comply with applicable environmental, health, and safety regulations by implementing controls to meet these regulations and additional company requirements.
- Operate an environmental, health, and safety management system aligned to the requirements of ISO14001 leading to continuous improvement through risk assessment, risk minimization, and performance reporting.
- Operate in a manner that is committed to continual improvement in environmental sustainability through recycling, waste minimization, conservation of resources, prevention of pollution, product development, management of hazardous materials, and promotion of environmental responsibility among our employees.
- Ensure managers and employees are trained and accountable for preventing work-related injuries and illnesses, and provide appropriate wellness programs that contribute to the productivity, health, and well-being of employees.
- Inform suppliers, including contractors, of our environmental, health, and safety principles and require them to adopt practices aligned with these expectations.

In addition to implementing programs to promote sustainability, we have instituted a Green Materials Policy and Supplier Code of Conduct throughout the Company.



### 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 minerals and cobalt consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.**
- **Identify smelters and refiners associated with the 3TG mineral and cobalt 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 the highest level of ethical and corporate governance standards to help ensure our conduct earns the respect and trust of our shareholders, customers, business partners, employees, and the communities in which we live and work. Our Board of Directors (“Board”) consists of ten 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. Our Board periodically reviews our corporate governance practices and takes actions to address changes in regulatory requirements, developments in governance best practices, and matters raised by shareholders. 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 cybersecurity 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 cybersecurity 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, qualifications, 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 and responsible conduct and provide our business partners with a clear picture of how we conduct ourselves in the marketplace.

## Corporate Governance Highlights

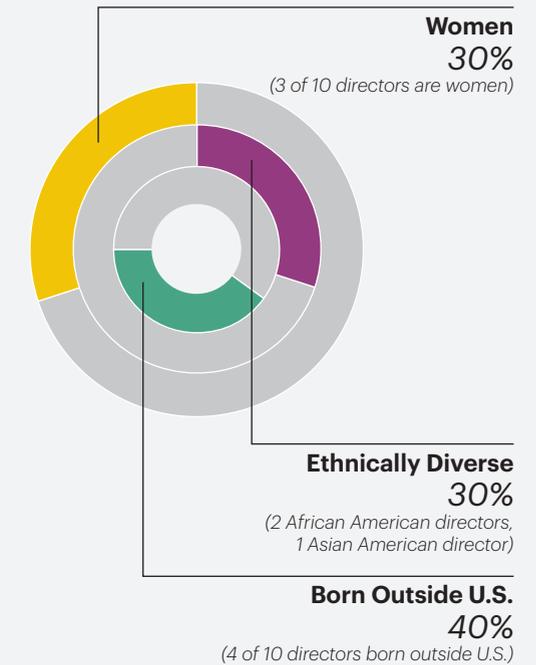
- ✓ All directors are elected annually
- ✓ Separate non-executive Chairman and CEO roles
- ✓ Robust annual director evaluation program
- ✓ Regular Board, Committee, and Director evaluations
- ✓ Policies prohibit hedging and pledging of Company stock
- ✓ Corporate Governance Guidelines include a “Rooney Rule” for director searches to further increase board diversity

### BOARD SIZE AND INDEPENDENCE

(9 of 10 directors are independent)



### BOARD DIVERSITY



### BOARD TENURE/ REFRESHMENT

**6 years**  
average tenure

**3 directors**  
added to the Board  
in the last 5 years



# 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.



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. In 2023, Knowles engaged a well-recognized third-party service provider to help conduct an Ethical Culture and Compliance Perception Survey (the "Survey"). The Survey measured responses from our global employee population against responses from employees of a benchmark group of comparable companies in the electronics, semiconductor, and industrial manufacturing industries. The results of the Survey are being utilized to further enhance our policies, practices, and procedures.

The foundation of our commitment to ethical business practices is our Code of Business Conduct (the "Code of Conduct"), which was updated in 2022. 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. 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.



## 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





# 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.





## 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.

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](#).

## Closing The Gender Gap in Technology

Knowles has committed \$200,000 to the University of Illinois at Chicago (UIC) College of Engineering to support the enrollment and academic success of female students pursuing STEM degrees. As part of a perennial sponsorship from Knowles, this year's donation supports the university's efforts to empower diverse groups of students to access opportunities in the engineering field. The \$200,000 donation will be distributed across the following critical initiatives:



- **The UIC Knowles Electronics Scholarships for Women Fund:** Knowles believes that access to financial resources is critical in attracting and retaining female STEM students. High-achieving first-year STEM students who identify as female are eligible for UIC's College of Engineering Society of Women Engineers Knowles Scholarships.
- **UIC's Women in Engineering Summer Program (WIESP):** The annual intensive program exposes junior- and senior-level female high school students to various engineering fields. The program focuses on engineering concepts, robotics, and spatial competencies. Each year, Knowles hosts these students at its corporate headquarters in Itasca for a day that includes hands-on learning about careers in engineering and live interactions with the Knowles staff, including female engineers. The program launched in 2015 and nearly 200 rising high school juniors and seniors have participated.
- **The UIC Engineering Advisory Board Annual Gift Fund:** The Knowles gift will support Advisory Board initiatives, including career placement, facilities, research, scholarships, chaired professorships, and more. These initiatives are necessary to uphold the high standard of educational excellence at UIC.

In addition to its longstanding support for the UIC College of Engineering, Knowles prides itself on fostering gender diversity in the workplace through mentorship, leadership and career opportunities. For example, 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 have a Women in Tech employee resource group that sponsors programming throughout the year for our employees, including celebrations for *International Women's Day* and *International Women in Engineering Day*.

For more information about Knowles' advocacy for women in engineering, visit [www.knowles.com/womeninengineering](http://www.knowles.com/womeninengineering).

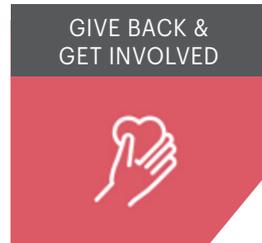
\*employees hired during the period from April 8, 2022 through April 7, 2023.

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.

## Diversity & Inclusion

In accordance with our values, we embrace a culture where bright, creative people are expected and celebrated, and everyone's contribution helps drive change and achieve success. We are committed to being a good corporate citizen by supporting the professional development and well-being of our employees and contributing to our community. An important component of achieving this goal is fostering a workplace environment that embraces diversity and inclusion. Our diversity and inclusion strategy is centered on three pillars: to educate, train, and build awareness; to recruit, grow, and promote; and to give back and get involved. Our Diversity, Equity & Inclusion ("DE&I") Council, established in 2021, is tasked with helping implement these three pillars.



Under this framework, we have implemented 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 various academic institutions to provide scholarships, mentoring, and internship opportunities for students from underrepresented groups. We have also worked to increase diversity in our candidate pool and through targeted career development programs.

We believe our diverse teams, with their unique ideas, thoughts, and perspectives, form the building blocks for our culture of innovation at Knowles. We strive to create and maintain a workplace environment that embraces the diversity of thoughts, ideas, beliefs, and experiences brought by our team members. We recognize that nurturing an inclusive workplace enables us to attract, develop, and retain our team members regardless of their race, color, gender identity, language, national origin, religion, orientation, or age. To successfully execute 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 the Council's leadership, we have commemorated and celebrated numerous diversity, cultural, and historical events throughout the year.

Knowles is also committed to the advancement of women in the workplace and gender diversity in engineering careers. 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. For example, Knowles is the perennial sponsor of the University of Illinois at Chicago's ("UIC") Women in Engineering Summer Program. We have also supported UIC's women engineering students with programs such as academic scholarships, summer internship programs, mentorship programs, and full-time employment opportunities. Our goal is to build a pipeline of multi-generational talent and accelerate the development of women engineers into advanced technical and leadership positions at Knowles.

We have also worked to increase representation of underrepresented groups in our candidate pool, among our new hires, and in leadership positions. For our 2023 summer internship program, 67% of our corporate intern class consisted of minority and/or women students, and 50% of our corporate tech interns were women. In addition, approximately 36% of our new hires in the U.S. between April 2022 and April 2023 were women.

We are fully committed to supporting our communities and the advancement of underrepresented minority groups. In 2022, we continued our partnership with the Partnership to Educate and Advance Kids ("PEAK"), a Chicago-based nonprofit that is focused on providing academically average students from the city's most challenging and underserved 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.

To support first generation students from underserved communities who are pursuing STEM degrees, we partnered with the engineering schools at Penn State University and the University of Illinois at Urbana-Champaign. In 2022, we awarded academic scholarships to first-year students in the undergraduate engineering programs at each of these universities.



## Martin Luther King, Jr. National Day of Service

Martin Luther King, Jr. Day is designated as a National Day of Service to encourage all Americans to volunteer to honor the life and legacy of Dr. King and improve their communities. At Knowles, we are committed to the ideal that through service and volunteerism we can build more just and equitable communities. To honor Dr. King, over 200 Knowles employees across the United States kicked off 2023 by taking part in a day of service activities at a non-profit organization in their local community.

Top left: Employees in Minden, Nevada, volunteered for **Friends in Service Helping (FISH)**, which provides food, instruction, shelter, and health care to people in need.



Top right: Employees in Cazenovia, New York, volunteered with **Clear Path for Veterans**, which supports veterans and their families.



Bottom left: Employees in Itasca, Illinois, volunteered at **Feed My Starving Children**, packing nutrition-dense meals for distribution all over the world.



Bottom middle: Employees in Valencia, California, volunteered over two days at the **Santa Clarita Valley Food Pantry**, which works to alleviate hunger in their community.

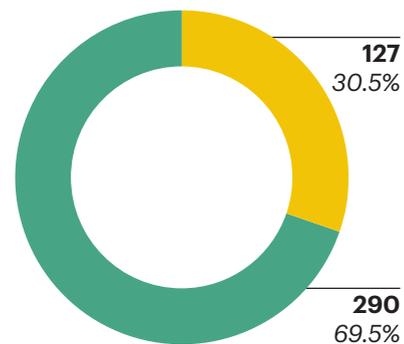


Bottom right: Employees in San Diego, California, volunteered at the **San Diego Food Bank**, which advocates for the hungry and provides nutritious food to an average of 400,000 people per month.

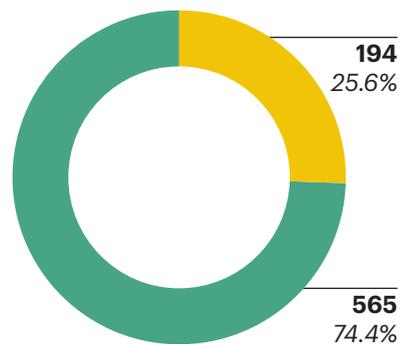


### Global Diversity Data

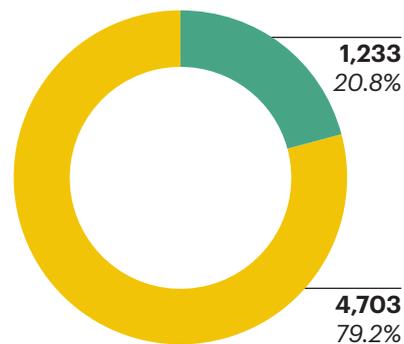
#### MANAGEMENT



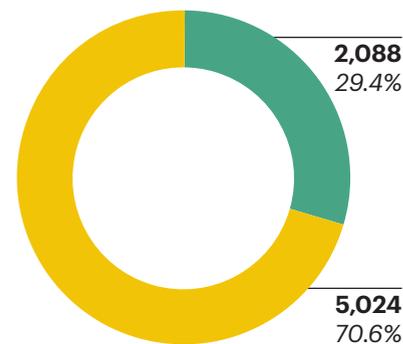
#### TECHNICAL STAFF



#### ALL OTHER EMPLOYEES



#### TOTAL



Female Male

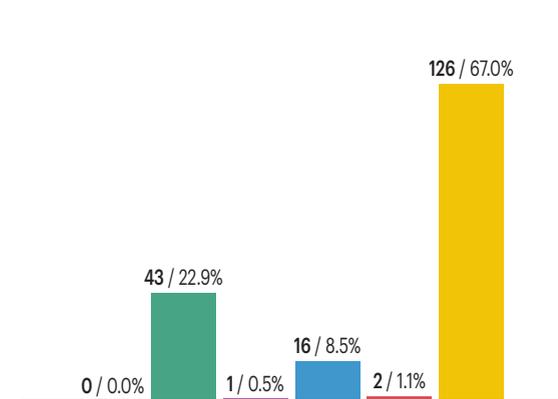
Figure 1

**Figure 1** represents our gender diversity across global operations, and **Figure 2** represents our ethnic and racial diversity across U.S. operations. Both of these data sets were compiled as of April 2023.

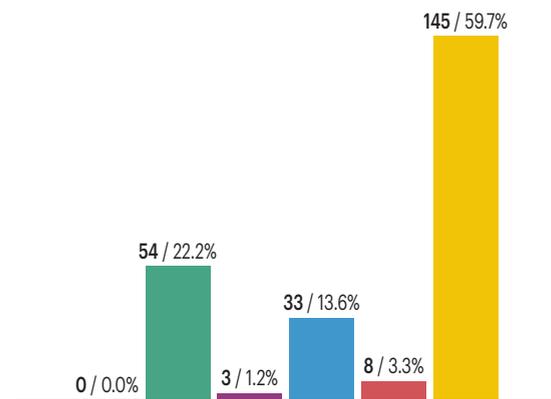
Knowles remains dedicated to improving diverse representation, in all of its forms, across all of our operations, and we will continue to take steps to increase the diversity of thoughts, ideas, beliefs, and experiences brought by our team members.

### U.S. Race and Ethnicity Data

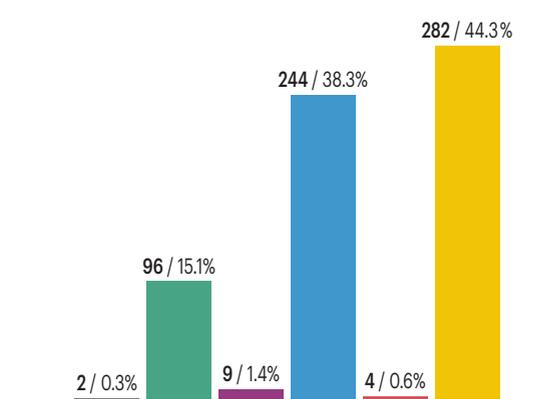
#### MANAGEMENT



#### TECHNICAL STAFF



#### ALL OTHER EMPLOYEES



American Indian or Alaska Native Asian Black or African American Hispanic or Latino Two or more races (Not Hispanic or Latino) White

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 designed to ensure managers and employees are trained and accountable for preventing work-related injuries and illnesses. We educate our employees about workplace safety including safe manufacturing processes, personal protective equipment and ergonomics, and we provide wellness programs that contribute to the productivity, health, and well-being of employees—even outside of the workplace.



IN FY22 WE HAD A  
**LOST TIME  
INCIDENT RATE**  
(LTIR) OF



**0.13%**

ACROSS ALL OF OUR  
MANUFACTURING SITES  
AND **NO WORK-RELATED  
FATALITIES**



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.

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.



# 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.



## Meeting the High-Power, High-Reliability Requirements of All Aspects of EV Development



Today, the growing demand for electric vehicles (EVs) is two-fold—directly from consumers and, because of evolving emissions regulations worldwide, from commercial entities working on electrified public transit and light- and heavy-duty vehicle solutions. In 2022, more than 10 million EVs were sold worldwide, accounting for 14% of all vehicles sold last year. This number is expected to continue to grow rapidly over the next few years.

As the demand in the EV market grows, so does the demand for improving the components within. EV engineers are currently working to rapidly advance the technology needed to increase driving ranges and accelerate vehicle charging times. This includes redesigning vehicles to move from 400V to 800V battery systems and developing more convenient wireless charging solutions.

To power these demanding applications, Knowles' multilayer ceramic capacitors ("MLCCs") are an excellent option. Our components are designed to safely and reliably meet the demands of the high-power electrical systems needed inside EVs and EV chargers due to their small physical size, low inductance, and ability to operate at higher temperatures. And, since high-voltage EV subsystems are highly scrutinized for reliability and safety, our MLCCs are designed to comply with UL, TÜV, CSA, and other international safety specifications. As a result, our MLCCs can be used to perform a variety of necessary functions in EV power systems.

Our highly skilled team of materials scientists is also working on developing next-generation ceramic materials for components that can support even higher temperatures and voltages. With these innovations, our ceramic capacitors will be ready to support the technology necessary for future EV innovation such as new recharging solutions, including wireless and bidirectional charging. New recharging solutions would allow for more charging locations—shopping areas, the workplace—thereby increasing the practicality of EVs for people who don't own a home with a garage.

## 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 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.



# 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.

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



**We have rigorous protocols in place to ensure the quality of our products.**



# 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.



## 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.

## 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 as 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.

TARGETING A  
**25%**  
REDUCTION IN SCOPE  
1 & SCOPE 2 GHG  
EMISSIONS BY  
**2030**



## Operating Responsibly

We recognize the importance of managing resources responsibly and practicing prudent conservation principles. In addition to our previously announced goal to be carbon neutral by 2040, we are targeting a 25% reduction in our Scope 1 and Scope 2 greenhouse gas ("GHG") emissions by 2030. 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.



# Reducing Our Environmental Footprint

## Switch to Zero GHG-containing Gases

In our continual effort to lower greenhouse gas (“GHG”) emissions, Knowles is working to reduce the use of ozone-depleting substances (“ODS”) in our operations.

Cross-functional focus teams have been deployed with the mission to assess and a goal to ultimately phase-out the utilization of aerosols that contain greenhouse gases.

As a result of this ongoing effort, our usage of ODS materials was down significantly in 2022 versus 2021 and we expect these reductions to continue as we look to more environmentally friendly alternatives.

## Regenerative Thermal Oxidizer

The Knowles facility in Suzhou, China, utilizes a Regenerative Thermal Oxidizer (“RTO”) to treat air emissions from its operations.

An RTO is a combustion device that destroys hazardous air pollutants by converting emissions into CO<sub>2</sub> and H<sub>2</sub>O prior to discharging to the atmosphere.

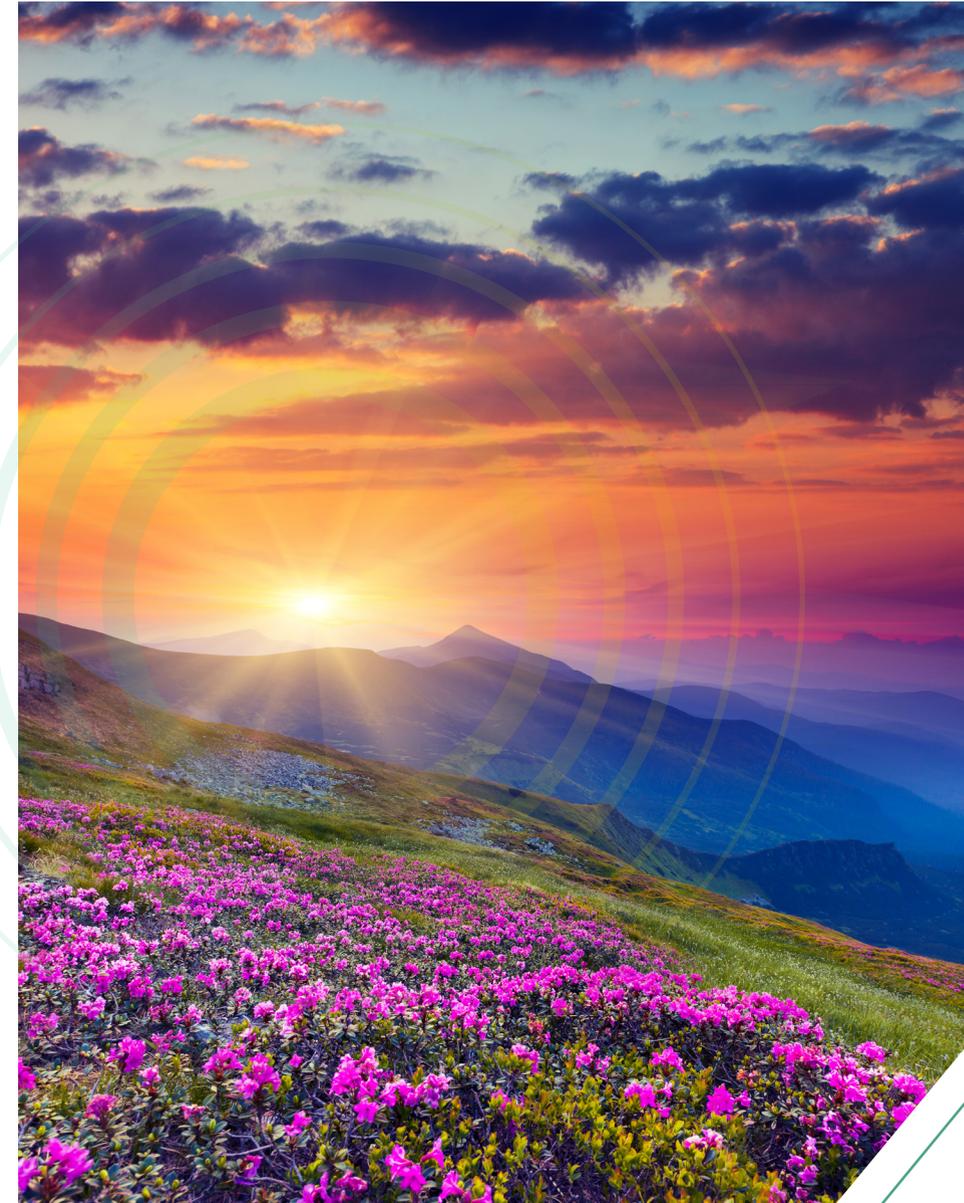
The emissions from this system are regularly tested by an accredited third-party laboratory to validate compliance with local air quality standards.

## Refrigerant Recovery

Refrigerants used in cooling systems and refrigeration contain hydrochlorofluorocarbons, chlorofluorocarbons, and perfluorocarbons, three greenhouse gases that contribute to global warming.

Knowles is working to ensure that our refrigerants remain within closed-loop systems and are not released directly to the environment during operations, maintenance, disposal, or end-of-life of HVAC equipment.

Our facility in Penang, Malaysia, is leading an initiative that safely recovers refrigerants during troubleshooting and scheduled maintenance, whereby recovered refrigerants are safely stored to either be re-used or await proper disposal to avoid being discharged to the atmosphere. We plan to standardize this refrigerant recovery initiative across all Knowles sites.



**At Knowles, we are continuously seeking innovative solutions to environmental sustainability challenges.**



## EMISSIONS & ENERGY

GREENHOUSE GAS EMISSIONS			
	2020	2021	2022
<b>Scope 1 and Scope 2 Emissions</b> (Metric Tons CO <sub>2</sub> e)			
Direct Scope 1 Emissions	6,114	8,164	6,647
Indirect Scope 2 Emissions (Location-based)	57,452	61,213	55,426
Indirect Scope 2 (Market-based)	49,525	52,108	45,645
<b>Total Scope 1 &amp; Scope 2 Emissions (Location-based)</b>	<b>63,566</b>	<b>69,377</b>	<b>62,073</b>
<b>Total Scope 1 &amp; Scope 2 Emissions (Market-based)</b>	<b>55,639</b>	<b>60,272</b>	<b>52,292</b>

GREENHOUSE GAS EMISSIONS			
	2020	2021	2022
<b>Emission Intensity</b> (Metric Tons CO <sub>2</sub> e per \$1M of Revenue)			
Scope 1 Emission Intensity	8	9	9
Scope 2 Emission Intensity (Location-based)	75	71	73
Scope 2 Emission Intensity (Market-based)	65	60	60
<b>Total Scope 1 &amp; Scope 2 Emissions Intensity (Location-based)</b>	<b>83</b>	<b>80</b>	<b>82</b>
<b>Total Scope 1 &amp; Scope 2 Emissions Intensity (Market-based)</b>	<b>73</b>	<b>69</b>	<b>69</b>

Although our carbon footprint and energy use are relatively modest, we are committed to identifying ways to reduce our emissions and improve energy efficiency wherever practicable. Our greenhouse gas emissions and electricity consumption figures include sites representing over 97% of our global square footage.

ELECTRICITY CONSUMPTION			
	2020	2021	2022
<b>Electricity Usage</b> (MWh)	101,013	109,233	104,284
<b>Electricity Intensity</b> (MWh per \$1M of revenue)	132	126	136

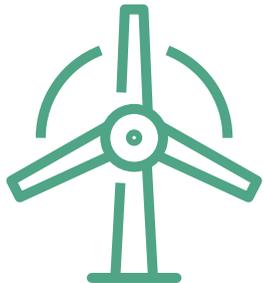
Approximately 87% of our Scope 1 greenhouse gas emissions are due to natural and processed gases, while Electricity usage remains the main driver of our total Scope 1 and Scope 2 GHG emissions. We continue to assess opportunities to optimize energy management to reduce our carbon footprint.

APPROXIMATELY

# 17%

OF OUR TOTAL PURCHASED ELECTRICITY IS FROM

**RENEWABLE SOURCES**





## WATER USAGE

WATER USAGE			
	2020	2021	2022
<b>Water Withdrawal</b> (Cubic Meters)	836,412	800,834	717,679
<b>Water Intensity</b> (Cubic Meters per \$1M of Revenue)	1,094	923	939

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 78% 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.



## WASTE REDUCTION

WASTE GENERATED			
	2020	2021	2022
<b>Hazardous Waste</b> (Metric Tons)	491	478	388
<b>Hazardous Waste Intensity</b> (Metric Tons per \$1M of Revenue)	0.64	0.51	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. In addition, Knowles has a strong history of following local, regional, and international guidelines for the disposal of e-waste in our manufacturing locations.

To further our goal of minimizing our environmental impact, we are particularly invested in responsibly managing and minimizing the hazardous waste we produce. In 2022, we disposed of approximately 388 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 products 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.

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

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

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. For our Consumer MEMS Microphones and MedTech & Specialty Audio Segments (which collectively represented approximately 68% of our total revenue in fiscal year 2022), 82% of our Tier 1 suppliers and their facilities are audited in a process that is equivalent to the RBA VAP. 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 (when normalized to our revenue figures) in our overall use of palladium. In 2021, we further reduced our overall use of palladium by approximately 22%, and by an additional 23% in 2022 in comparison to the prior year through our continued implementation and adoption of design changes to our semiconductors.

