

## **United Kingdom BEPS –Related Tax Strategy Disclosure**

The tax strategy outlined below is applicable to Knowles' UK entities for the year ending 31 December 2017. Knowles regards the publication of this statement as satisfying the statutory obligation under Paragraph 16(2), Schedule 19, Finance Act 2016.

- Approach to risk management and governance arrangements in relation to UK taxation
  - Knowles Corporation has an internal tax team in the USA that prepares and/or reviews worldwide income tax provisions, reviews local tax return prior to filing, monitors transfer pricing levels, coordinates with tax examiners, and monitors tax news/law changes. Responsibility for tax governance ultimately sits with the company's VP of Tax.
  - To obtain local country income tax expertise, Knowles Corporation engages local tax and legal advisors to assist with the above tax functions with respect to its UK domiciled constituent entities.
- Attitude towards tax planning
  - Knowles has a responsibility to pay an appropriate amount of tax in each of the principal jurisdictions in which it operates. The Knowles Corporation tax team reviews tax planning matters where such opportunities arise. Depending on materiality of the matter, outside counsel may be hired to review such matters or to assist in completing a well thought out plan. Knowles has not undertaken any affirmative tax planning in the UK since its spin-off from the Dover Corporation on 3 March 2014.
- Level of risk we are prepared to accept in relation to UK taxation
  - Knowles does not accept risk in relation to UK taxation. The income tax returns are prepared by local tax professionals. These returns are reviewed by in-house tax professionals in the USA prior to UK submission.
- Approach to dealings with HMRC
  - Knowles is committed to accurately and timely filing any and all documents as required by Her Majesty's Revenue and Customs group. Upon additional information or document requests, Knowles will either utilize its resources in the USA or the UK to ensure said requests are properly and wholly fulfilled.