**FINAL ASSESSMENT**

**FLIR SYSTEMS, INC.**

The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

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<th>Topic</th>
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<td>Leadership, Governance and Organisation</td>
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<td>Risk Management</td>
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<td>Company Policy and Codes</td>
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<td><strong>Total</strong></td>
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</table>
A1:
Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score:

1

Comments:
Based on public information, there is evidence that the company has published a statement from the Chief Executive Officer supporting the ethics and anti-corruption agenda of the company. The company therefore scores 1. To score higher the company would need to provide evidence of at least two other such statements from the last two years, or one statement from the last two years that specifically supports the company’s strong stance against corruption.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.4:
Letter from Andrew C. Teich,
President and CEO

November 24, 2013

To FLIR Employees, Officers and Directors:

FLIR Systems and all of its employees are committed to conducting the Company's business in accordance with best business practices and the highest ethical standards. Our reputation for honesty, integrity and high ethics is as important as our reputation for providing outstanding products, services and support.

The attached Code of Ethical Business Conduct for FLIR Operations Inside the U.S. describes the principles and standards that we expect our employees to abide by when conducting business for the Company. We are committed to maintaining a workplace that is fair, honest and open. To that end, we have established a reporting system managed by an outside third party that allows any employee to report suspected violations of law, ethics or business practice that may have occurred. All reports can be submitted anonymously and without fear of retribution. This system is explained in detail in Section 2.C. of this Code and all employees should become familiar with it.

While I hope that we have created an environment at FLIR that encourages openness such that an anonymous reporting system is not necessary, it is good corporate practice to have one in the event that it is needed.

If you have any questions about interpreting or applying the Code of Ethical Business Conduct for FLIR Operations Inside the U.S., please consult with a member of FLIR’s Law Department or Human Resources Department.

Sincerely,

Andrew C. Teich
President and Chief Executive Officer

http://investors.flir.com/ethics.cfm
A2:
Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the Chief Executive Officer or the Chair of the Board demonstrates a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company.

References:
Public:
NA
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure.

References:
Public:
NA
A4:
Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

1

Comments:
Based on public information, there is evidence that the company publishes a statement of principles representing high standards of business conduct, including honesty, trust and integrity. However, these values are explained in a limited amount of detail and fall short of the range of values required by this question. The company therefore scores 1.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.5:
1. OUR ETHICAL PRINCIPLES

1. A. FLIR is committed to the following ethical principles in all of its activities:

Honesty.
We will be truthful in all of our endeavors with one another and with our customers, communities, suppliers, and shareholders.

Integrity.
We will say what we mean, deliver what we promise and stand for what is right.

Respect.
We will treat one another with dignity and fairness, appreciating the diversity of our workforce and the uniqueness of each employee.

Trust.
We will build confidence through teamwork and open communication.

Responsibility.
We will encourage our employees to speak up — without fear of retribution — and report concerns in the workplace, including violations of laws, regulations and company policies, and to seek clarification and guidance whenever there is doubt.

Citizenship.
We will obey all the laws of the United States and of the countries and jurisdictions in which we do business.

http://investors.flir.com/ethics.cfm
A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company belongs to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption.

References:
Public:
NA
A6: Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:

2

Comments:

Based on public information, there is evidence that the company has appointed a Board committee with responsibility for the Code of Ethical Conduct. This is the Corporate Governance Committee, whose charter is openly published. TI notes that the Audit Committee is responsible for the Code of Ethics for Senior Financial Officers.

References:

Public:
Audit Committee Charter (July 2013), p.4:
‘10. Code of Ethics for Senior Financial Officers. The Company has adopted a Code of Ethics for Senior Financial Officers. The Committee shall have the responsibility for administering the Code, including (1) recommending to the Board as necessary any amendments required to insure that the Code complies in all respects with applicable laws and regulations, (2) assessing compliance with the Code, (3) reporting material violations of the Code to the Board and otherwise as required by applicable laws and regulations, (4) recommending to the Board appropriate action in response to any reported violation, and (5) in its discretion, grant waivers of compliance with the Code so long as such waivers are reported publicly to the extent required by applicable laws and regulations.’
http://investors.flir.com/charters.cfm

Corporate Governance Committee Charter (July 2013), p.1:
‘The purpose of the Corporate Governance Committee (the “Committee”) of the FLIR Systems, Inc. (the “Company”) Board of Directors (the “Board”) is to:

- Identify, select and recommend to the Board individuals proposed to be (i) nominated for election as directors by the shareholders or (ii) elected as directors by the Board to fill vacancies, including vacancies resulting from an increase in the number of directors;
- Develop and recommend to the Board for approval, and review from time to time, a
set of corporate governance principles for the Company (the “Corporate Governance Principles”), which shall include a process for the evaluation of the Board of Directors, its committees and management;

- Review and make recommendations regarding the content of the Company’s Code of Ethical Business Conduct;
- In conjunction with the Compensation Committee, review director compensation plans;
- Review Company Director & Officer liability insurance coverage;
- Develop and maintain a director education program; and
- Monitor compliance with the Corporate Governance Principles, as adopted and amended from time to time by the Board.’

http://investors.flir.com/charters.cfm
A7:
Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda. TI notes that the company makes reference to an ethics officer, but this individual’s duties and responsibilities are not available.

References:
Public:
TI notes:
Definitive Proxy Statement DEF 14A (March 2014), p.7:
‘Corporate Governance
...FLIR has an ethics officer and an internet-based hotline monitored by EthicsPoint ® that is available to all employees, and FLIR’s Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal controls or auditing matters; and’
http://investors.flir.com/sec.cfm
A8: Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:

1

Comments:

Based on public information, there is evidence that there is an annual review of the Corporate Governance Principles of the company by the Corporate Governance Committee, as well as a review of the Code of Ethical Business Conduct. However, it is not clear that this includes a major review of the entire ethics and anti-corruption agenda. The company therefore scores 1.

References:

Public:
Audit Committee Charter (July 2013), p.4: ‘10. Code of Ethics for Senior Financial Officers. The Company has adopted a Code of Ethics for Senior Financial Officers. The Committee shall have the responsibility for administering the Code, including (1) recommending to the Board as necessary any amendments required to insure that the Code complies in all respects with applicable laws and regulations, (2) assessing compliance with the Code, (3) reporting material violations of the Code to the Board and otherwise as required by applicable laws and regulations, (4) recommending to the Board appropriate action in response to any reported violation, and (5) in its discretion, grant waivers of compliance with the Code so long as such waivers are reported publicly to the extent required by applicable laws and regulations.’
http://investors.flir.com/charters.cfm

Corporate Governance Committee Charter (July 2013), p.1: ‘The purpose of the Corporate Governance Committee (the “Committee”) of the FLIR Systems, Inc. (the “Company”) Board of Directors (the “Board”) is to:

- Identify, select and recommend to the Board individuals proposed to be (i) nominated for election as directors by the shareholders or (ii) elected as directors by the Board to fill vacancies, including vacancies resulting from an increase in the number of directors;
- Develop and recommend to the Board for approval, and review from time to time, a
set of corporate governance principles for the Company (the “Corporate Governance Principles”), which shall include a process for the evaluation of the Board of Directors, its committees and management;

- Review and make recommendations regarding the content of the Company’s Code of Ethical Business Conduct;
- In conjunction with the Compensation Committee, review director compensation plans;
- Review Company Director & Officer liability insurance coverage;
- Develop and maintain a director education program; and
- Monitor compliance with the Corporate Governance Principles, as adopted and amended from time to time by the Board.’

(p.2): ‘Meetings:
The Committee shall meet with such frequency and at such intervals as it determines is necessary to carry out its duties and responsibilities:

- The Committee shall report regularly to the Board on matters within the Committee’s responsibilities and shall maintain minutes of Committee meetings reflecting matters considered and actions taken.’

‘In accordance with the purpose of the Committee and requirements of the Company’s Corporate Governance Principles, the Committee shall:

...3. Review at least annually the Corporate Governance Principles of the Company and recommend to the Board for its consideration any amendments, additions or deletions the Committee in its discretion believes are necessary or appropriate.’

http://investors.flir.com/charters.cfm
A8(a):
Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:
0

Comments:
Based on public information, there is no readily available evidence that there is a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and no evidence of improvement plans being implemented when issues are identified.

References:
Public:
NA
A9:
Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a formal process for review and where appropriate updates its policies and practices in response to actual or alleged instances of corruption.

References:
Public:
NA
A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure implemented enterprise-wide.

References:
Public:
NA
A10:
Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions.

References:
Public:
NA
A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing its agents.

References:
Public:
NA
A12:

Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:

1

Comments:

Based on public information, there is some evidence that the company has contractual rights and processes for the behaviour and control of agents with respect to countering corruption. However, there is no evidence of monitoring agents. The company therefore scores 1.

References:

Public:

FLIR Supplier Code of Conduct (March 2014), p.1:

‘FLIR Systems, Inc. and its affiliates (“FLIR”) are committed to conducting international business by respecting local customs and practices while requiring its employees, agents, service providers, suppliers, and their subcontractors, to abide by applicable laws and industry standards.’

(pp.5-6): ‘Ethics

To meet social responsibilities and to achieve success in the marketplace, Suppliers and their agents are to uphold the highest standards of ethics including:

• Business Integrity. The highest standards of integrity are to be upheld in all business interactions. Participants shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes). All business dealings should be transparently performed and accurately reflected on Participant’s business books and records. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

• No Improper Advantage. Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted.

• Disclosure of Information. Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and
prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain is unacceptable.’


As evidence of FLIR’s commitment to conducting the Company’s business to the highest ethical standards, we have adopted this Code of Ethical Business Conduct for FLIR Operations Inside the U.S. (referred to as the "Code").

Accordingly, we require all FLIR employees, including officers and members of our Board of Directors, to:

- Read and understand the Code;
- Sign the written acknowledgment that they have done so;
- Ensure that their conduct fully meets ethical standards; and
- Take action to ensure that FLIR affiliates (such as representatives, distributors, agents, consultants and contractors) understand and comply with these ethical standards.

(p.18):
5. COMMITMENT TO ETHICAL DEALINGS WITH NON-GOVERNMENT PARTIES

You represent FLIR to our customers, potential customers and business partners. Always act in a manner that creates value for our customers and helps to build a relationship based on trust. FLIR employees have provided products and services for many years, and have built up significant goodwill that is one of our most important assets.

5. A. Prohibition on Kickbacks

FLIR prohibits its employees, officers, agents and anyone acting on its behalf from offering, providing, soliciting, or receiving kickbacks in connection with government contracts and subcontracts.

What is a kickback? A kickback is any money, fee, commission, gift, or the like which is given by a subcontractor or supplier to a contractor for the purpose of obtaining favorable treatment or an award in connection with the contract. In addition, you violate federal law and FLIR policy if you include, even indirectly, the amount of a kickback in the contract price charged by a subcontractor to a prime contractor (or higher-tier sub), or by a prime contractor to the U.S. Government.

FLIR prohibits the offer of any kickback to a prime contractor of the U.S. Government as an inducement to award a subcontract, or as an acknowledgment of the award of such a subcontract. Likewise, FLIR prohibits its employees and others acting on its behalf from accepting any such benefit from a subcontractor. FLIR maintains the integrity of the procurement process by providing our suppliers with an anti-kickback letter advising them of our policy.

Federal law establishes severe criminal, civil, and administrative penalties for giving or receiving a kickback, which can apply to individuals as well as to the Company. You are expected to thoroughly understand this policy, and to consult your supervisor or FLIR’s Law Department with any questions. If you have any information indicating that a kickback is being considered or has been paid, you should immediately notify the Law Department.

http://investors.flir.com/ethics.cfm
A13:
Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:
2

Comments:
Based on public information, there is evidence that the company makes clear to contractors, sub-contractors and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance.

References:

Public:
FLIR Supplier Code of Conduct (March 2014), p.1:
‘FLIR Systems, Inc. and its affiliates (“FLIR”) are committed to conducting international business by respecting local customs and practices while requiring its employees, agents, service providers, suppliers, and their subcontractors, to abide by applicable laws and industry standards.
This Supplier Code of Conduct is based upon FLIR’s expectation that its Suppliers, and their subcontractors, comply with all applicable laws and regulations, maintain just and decent working conditions, share FLIR’s respect for the environment, and implement sound security measures.
Suppliers shall permit FLIR and its agents (including third parties) to engage in assessment activities to confirm compliance with these standards, including unannounced inspections of Suppliers’ facilities, reviews of books and records, and private interviews with employees.
Accordingly, Suppliers should evaluate their facilities, books and records and those operated and maintained by their suppliers and service providers.
If FLIR determines through a factory audit or otherwise that a Supplier is not meeting the requirements and expectations set forth in these Standards, FLIR shall offer guidance with respect to matters requiring correction or that need improvement. FLIR reserves the right, however, to cancel outstanding orders, suspend future orders or terminate its relationship with the Supplier, as circumstances demand.’

FLIR 11/06/14
HTTP://WWW.FLIR.COM/
Suppliers shall conduct business in compliance with any applicable anti-terrorism and anti-corruption laws such as the United States Foreign Corrupt Practices Act and UK Bribery Act of 2010.

To meet social responsibilities and to achieve success in the marketplace, Suppliers and their agents are to uphold the highest standards of ethics including:

- Business Integrity. The highest standards of integrity are to be upheld in all business interactions. Participants shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes). All business dealings should be transparently performed and accurately reflected on Participant’s business books and records. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.
- No Improper Advantage. Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted.
- Disclosure of Information. Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain is unacceptable.

California Transparency in Supply Chains Act 2010 (March 2013), p.1: ‘FLIR maintains a supplier code of conduct for our suppliers, which is incorporated by reference into our purchase orders, supply agreements and terms and conditions FLIR’s direct suppliers are required both to comply with applicable laws and regulations and also to adhere to the company’s values and standards of business conduct. FLIR considers this not only a legal issue but an ethical obligation for everyone associated with FLIR. Suppliers that fail to adhere to our standards are subject to termination.’
A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company explicitly addresses the corruption risks associated with offset contracting.

References:
Public:
TI notes:
Global Offset and Countertrade Association website
http://www.globaloffset.org/regularmembers.php
A13(b):
Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting its offset partners and offset brokers.

References:
Public:
See references for A13(a)
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:
1

Comments:
Based on public information, there is evidence that the company has an anti-corruption policy that prohibits corruption in its various forms. However, TI notes the limited focus of the policy on operations inside the US. The company therefore scores 1.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.17:
4. COMMITMENT TO ETHICAL BUSINESS DEALINGS
AND ANTI-CORRUPTION

FLIR has a commitment to use ethical business practices in its business dealings with third parties. You should take special care to treat all customers, public and private, honestly and fairly.

FLIR also conducts its business in compliance with all applicable federal, state, local and foreign anti-corruption laws and regulations. FLIR adheres to all bribery laws. This means FLIR does not tolerate bribery in its dealings involving public officials or in private commercial transactions. Although some sections of this Code specifically address your conduct in transactions involving public officials, you should remember that FLIR does not tolerate illegal business practices of any kind, regardless of whether you are dealing with public officials or private parties.

4. A. Transactions Involving Public Officials

If you deal with any government or public agency, domestic or foreign, you must understand all applicable laws and regulations concerning the giving of money or things of value to public officials.

The general rule is that you are prohibited from giving money, gifts, gratuities or things of value to public officials, whether the officials are federal, state, local or foreign, in return for favorable treatment. In most jurisdictions, public officials are prohibited from accepting payments or gifts of value.

The term “public official” should be interpreted broadly to include any person acting on behalf of any government or government agency in an official function, regardless of whether they are employed by the government. The test is whether the person occupies a position of public trust with official government responsibilities. All members of the military are public officials.

There are some differences in the laws concerning U.S. public officials and foreign public officials with regard to the giving and acceptance of certain things of value, including entertainment, meals, gifts, gratuities, and the like. You must comply with the laws, regulations and rules of each government and jurisdiction in this regard. Some basic rules and guidelines are provided below.

Please consult your supervisor, or the Company’s Law Department, for guidance and assistance.
5. COMMITMENT TO ETHICAL DEALINGS
WITH NON-GOVERNMENT PARTIES

You represent FLIR to our customers, potential customers and business partners. Always act in a manner that creates value for our customers and helps to build a relationship based on trust. FLIR employees have provided products and services for many years, and have built up significant goodwill that is one of our most important assets.

5. A. Prohibition on Kickbacks

FLIR prohibits its employees, officers, agents and anyone acting on its behalf from offering, providing, soliciting, or receiving kickbacks in connection with government contracts and subcontracts.

What is a kickback? A kickback is any money, fee, commission, gift, or the like which is given by a subcontractor or supplier to a contractor for the purpose of obtaining favorable treatment or an award in connection with the contract. In addition, you violate federal law and FLIR policy if you include, even indirectly, the amount of a kickback in the contract price charged by a subcontractor to a prime contractor (or higher-tier sub), or by a prime contractor to the U.S. Government.

FLIR prohibits the offer of any kickback to a prime contractor of the U.S. Government as an inducement to award a subcontract, or as an acknowledgment of the award of such a subcontract. Likewise, FLIR prohibits its employees and others acting on its behalf from accepting any such benefit from a subcontractor. FLIR maintains the integrity of the procurement process by providing our suppliers with an anti-kickback letter advising them of our policy.

Federal law establishes severe criminal, civil, and administrative penalties for giving or receiving a kickback, which can apply to individuals as well as to the Company. You are expected to thoroughly understand this policy, and to consult your supervisor or FLIR’s Law Department with any questions. If you have any information indicating that a kickback is being considered or has been paid, you should immediately notify the Law Department.

http://investors.flir.com/ethics.cfm
A16: Is the anti-corruption policy explicitly one of zero tolerance?

Score: 2

Comments: Based on public information, there is evidence that the company has zero-tolerance for bribery.

References:

Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.17:

4. COMMITMENT TO ETHICAL BUSINESS DEALINGS AND ANTI-CORRUPTION

- FLIR has a commitment to use ethical business practices in its business dealings with third parties. You should take special care to treat all customers, public and private, honestly and fairly.

- FLIR also conducts its business in compliance with all applicable federal, state, local and foreign anti-corruption laws and regulations. FLIR adheres to all antibribery laws. This means FLIR does not tolerate bribery in its dealings involving public officials or in private commercial transactions. Although some sections of this Code specifically address your conduct in transactions involving public officials, you should remember that FLIR does not tolerate illegal business practices of any kind, regardless of whether you are dealing with public officials or private parties.

http://investors.flir.com/ethics.cfm
A17:  
Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score: 

2

Comments: 

Based on public information, there is evidence that the company's anti-corruption policy is easily accessible and available in several languages.

References:

Public:  
Corporate Governance Principles (October 2013), p.6:  
‘Codes of Ethics  
The Company shall at all times maintain a Code of Ethical Business Conduct for its directors, officers and employees that will, at a minimum, address conflicts of interest and compliance with applicable laws, rules and regulations. All directors, officers and employees of the Company shall annually certify compliance with the Code. The Code shall comply in all respects with applicable regulations or requirements adopted from time to time by the SEC and the NASDAQ Stock Market. The Company shall also maintain an effective compliance mechanism, which shall provide for the prompt disclosure of any waivers granted to officers or directors. Any waiver of the Code for a director or an officer of the Company may be made only by the Corporate Governance Committee of the Board. The Code will be publicly available.  
The Company shall also at all times maintain a Code of Ethics for Senior Financial Officers that complies in all respects with applicable regulations or requirements adopted from time to time by the SEC and the NASDAQ Stock Market. All senior financial officers of the Company shall annually certify compliance with the Code. The Audit Committee will assess compliance with this Code, report material violations to the Board and as otherwise required by applicable law or regulation and recommend to the Board appropriate action for any violation. Any waiver of the Code may only be made by the Audit Committee, and the Audit Committee will take any steps necessary to insure that such waiver is publicly disclosed to the extent and in the manner required by applicable law or regulation. The code of Ethics for Senior Financial Officers will be publicly available.’
TI notes that the Supplier Code of Conduct is available in English, Spanish, Swedish, German, French, Russian and Chinese.
A17(a): Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score: 2

Comments: Based on public information, there is evidence that the company’s anti-corruption policy is clear and easily understandable for Board members, employees and third parties.

References:
Public:
http://investors.flir.com/ethics.cfm
A18:
Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

2

Comments:

Based on public information, there is evidence that the company’s anti-corruption policy applies to all employees and members of the Board.

References:

Public:

Cod of Ethical Business Conduct
For FLIR Operations Inside the U.S.

Effective: November 24, 2013

As evidence of FLIR's commitment to conducting the Company's business to the highest ethical standards, we have adopted this Code of Ethical Business Conduct for FLIR Operations Inside the U.S. (referred to as the "Code").

Accordingly, we require all FLIR employees, including officers and members of our Board of Directors, to:

- Read and understand the Code;
- Sign the written acknowledgment that they have done so;
- Ensure that their conduct fully meets ethical standards; and
- Take action to ensure that FLIR affiliates (such as representatives, distributors, agents, consultants and contractors) understand and comply with these ethical standards.
2. RESPONSIBILITY FOR COMPLIANCE

2. A. What We Require of You

For purposes of the Code, the term “employee” includes all FLIR employees, officers, and members of the Board of Directors. Hence, all employees are required to:

- Comply with this Code and with all laws, rules and regulations applicable to the conduct of our business and the management of our business relationships;
- Be alert to any possible violation of the above and report them to the Company as soon as possible;
- Exercise good faith and honesty in reporting possible violations; and
- Cooperate fully and truthfully in any internal or external investigation of possible violations.

Directors are required to comply with the relevant sections of the Code, which includes all sections, other than the following sections which are not applicable to service as a member of the Board of Directors: Sections 2.C., 2.D., 3.N., 3.P., 4.E. and 4.F.

2. B. Our Commitment to You

We recognize that FLIR must take action to ensure that the objectives of the Code are met. For our part, we assure you that:

- Anyone who communicates ethical concerns or reports suspected violations will be treated with respect;
- We will review and address issues that are raised in any complaint or report;
- Any communication from, and the identity of, a reporting individual will be treated confidentially to the greatest extent possible;
- FLIR will not take action against any reporting individual acting in good faith, and will protect that individual from retaliation.

http://investors.flir.com/ethics.cfm
A20:
Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

2

Comments:
Based on public information, there is evidence that the company has a policy on potential conflicts of interest, which applies to both employees and Board members. The policy contains a definition and examples of potential conflicts of interest.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), pp.11-13:
3. G. Conflicts of Interest

While our duties to FLIR do not prevent us from engaging in personal transactions and investments, we must take care to avoid situations that create a conflict of interest or the appearance of a conflict of interest. FLIR is subject to scrutiny from many different individuals and organizations, and we should always strive to avoid even the appearance of impropriety. What constitutes conflict of interest? It exists where the interests or benefits of one person or entity conflict with the interests or benefits of FLIR. The most common types of conflicts are discussed below, although you should be sensitive to other situations that could create a conflict of interest:

**Outside Employment.** With the exception of members of our Board of Directors, we expect our employees to devote their full attention to FLIR’s business interests. Hence, you cannot engage in any activity that interferes with your performance or responsibilities, or is in conflict with or prejudicial to FLIR. For example, you can’t be employed by us and at the same time work for a supplier, customer, distributor or competitor, nor can you be involved in advancing a competitor’s position. Further, you must disclose any interest of yours that may conflict with the business of FLIR. If you have any questions about this requirement, contact your supervisor or the HR Department.

**Outside Directorships.** It is a conflict of interest to serve as a director of any company that competes with FLIR. You may serve as a director of a FLIR supplier, customer, distributor or other business partner only if you first obtain approval from the CEO. Any compensation you receive should be commensurate to your responsibilities. Serving as a director of a non-profit organization or charity does not violate this policy or require approval.
Business Interests. Before you invest in any customer, supplier, distributor or competitor of FLIR, especially if you are in a position to influence a decision relating to that entity, you must make sure that this investment does not compromise your responsibilities to FLIR. Any such investment requires the approval of FLIR’s Chief Financial Officer (CFO). Factors you should consider are: the size and nature of the investment, both in absolute terms and in relation to your annual compensation; your ability to influence FLIR’s decisions; your access to FLIR’s or the other company’s confidential information; and the nature of the relationship between FLIR and the other company. This does not apply to investments in mutual funds or in stocks of companies that merged into FLIR held by you as a former employee.

Receiving Gifts. Neither you nor any member of your family may solicit or accept from a customer, supplier, distributor or other business partner, money or a gift that could influence or could reasonably give the appearance of influencing FLIR’s business relationship with that organization. You may accept a gift of nominal value when it is customarily offered to others having a similar relationship with the customer, supplier, distributor or other business partner. If you have any doubts, you should consult your supervisor or a member of FLIR’s Law Department.

Related Party Transactions. As a rule, you should not conduct FLIR business with a family member or significant other, or with a business in which they have a key role. “Family members” include immediate family members, aunts, uncles, nieces, nephews, cousins, step relationships and in-laws. “Significant others” include persons with whom you share a household. Any dealings with a related party must be conducted so that no preferential treatment is given to this business.

If a related party transaction is unavoidable, it must be approved in writing by either the CEO or the Audit Committee. If you are involved in a proposed related party transaction, you must first disclose the nature of the proposed transaction in writing to the CEO. The CEO will either make a determination on whether the transaction is permissible or will refer the matter to the Audit Committee. In addition to reviewing transactions referred by the CEO, the Audit committee also reviews any related party transaction involving a director or officer. Significant related party transactions, including any involving FLIR’s directors or officers, must also be reviewed and approved in writing in advance by the Board of Directors. FLIR is required to publicly disclose certain material related party transactions under applicable accounting rules and federal securities laws.

Other Situations. It would be impractical to list all possible situations in which a conflict of interest may arise. Hence it is your responsibility to use your best judgment to avoid all such transactions.

If you have doubts about whether an activity constitutes a conflict of interest, you should err on the side of caution and consult the Human Resources Department or the Law Department before taking any action.

http://investors.flir.com/ethics.cfm

Code of Ethics for Senior Financial Officers (March 2008), p.1:
‘In performing his or her duties, each of the Senior Financial Officers must:
(1) maintain high standards of honest and ethical conduct and avoid any actual or apparent conflict of interest;
(2) report to the Audit Committee of the Board of Directors any conflict of interest that may arise and any material transaction or relationship that reasonably could be expected to give rise to a conflict;’
http://investors.flir.com/ethics.cfm
A21:
Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:

1

Comments:
Based on public information, there is evidence that the company has a policy for the giving and receipt of gifts, to ensure that such transactions are bona fide and not a subterfuge for bribery. However, TI notes that upper limits are only provided with reference to US government officials. The company therefore scores 1.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.12:

Business Interests. Before you invest in any customer, supplier, distributor or competitor of FLIR, especially if you are in a position to influence a decision relating to that entity, you must make sure that this investment does not compromise your responsibilities to FLIR. Any such investment requires the approval of FLIR’s Chief Financial Officer (CFO). Factors you should consider are: the size and nature of the investment; both in absolute terms and in relation to your annual compensation; your ability to influence FLIR’s decisions; your access to FLIR’s or the other company’s confidential information; and the nature of the relationship between FLIR and the other company. This does not apply to investments in mutual funds or in stocks of companies that merged into FLIR held by you as a former employee.

Receiving Gifts. Neither you nor any member of your family may solicit or accept from a customer, supplier, distributor or other business partner, money or a gift that could influence or could reasonably give the appearance of influencing FLIR’s business relationship with that organization. You may accept a gift of nominal value when it is customarily offered to others having a similar relationship with the customer, supplier, distributor or other business partner. If you have any doubts, you should consult your supervisor or a member of FLIR’s Law Department.

(pp.17-18):
4. COMMITMENT TO ETHICAL BUSINESS DEALINGS AND ANTI-CORRUPTION

FLIR has a commitment to use ethical business practices in its business dealings with third parties. You should take special care to treat all customers, public and private, honestly and fairly.

FLIR also conducts its business in compliance with all applicable federal, state, local and foreign anti-corruption laws and regulations. FLIR adheres to all anti-bribery laws. This means FLIR does not tolerate bribery in its dealings involving public officials or in private commercial transactions. Although some sections of this Code specifically address your conduct in transactions involving public officials, you should remember that FLIR does not tolerate illegal business practices of any kind, regardless of whether you are dealing with public officials or private parties.

4. A. Transactions Involving Public Officials

If you deal with any government or public agency, domestic or foreign, you must understand all applicable laws and regulations concerning the giving of money or things of value to public officials.

The general rule is that you are prohibited from giving money, gifts, gratuities or things of value to public officials, whether the officials are federal, state, local or foreign, in return for favorable treatment. In most jurisdictions, public officials are prohibited from accepting payments or gifts of value.

The term "public official" should be interpreted broadly to include any person acting on behalf of any government or government agency in an official function, regardless of whether they are employed by the government. The test is whether the person occupies a position of public trust with official government responsibilities. All members of the military are public officials.

There are some differences in the laws concerning U.S. public officials and foreign public officials with regard to the giving and acceptance of certain things of value, including entertainment, meals, gifts, gratuities, and the like. You must comply with the laws, regulations and rules of each government and jurisdiction in this regard. Some basic rules and guidelines are provided below.

Please consult your supervisor, or the Company’s Law Department, for guidance and assistance.
4. B. Unlawful Payments to U.S. Public Officials

U.S. federal, state and local employees are prohibited from accepting entertainment, meals, gifts, gratuities or other things of value.

While extending business courtesies is part of building and maintaining business relationships, offering a benefit to a government employee or their family members may violate the law.

A FLIR employee who deals with a government agency is expected to know and abide by all applicable guidelines, and to exercise good judgment in evaluating the propriety of his or her own actions. Unless a proposed gift is clearly permitted under applicable laws and rules, you should assume the gift is prohibited.

The following inexpensive items may be offered to government employees and are not considered gratuities: (1) social courtesies, such as coffee, soft drinks, doughnuts, and refreshments as long as these items are not offered as part of a meal, (2) promotional items such as pens, mugs, mouse pads, or the like, and (3) presentation items such as cards, plaques, certificates and trophies. Specifically, the value of any single gift may never exceed $20, nor may the total value of all gifts offered to one person exceed $50 over the course of a year.

These rules may apply even where the business courtesy is based purely on a personal or social relationship, rather than on the position of the government employee. When in doubt, seek guidance from an appropriate supervisor or from FLIR’s Law Department.

4. C. Unlawful Payments to Foreign Public Officials

The Foreign Corrupt Practices Act prohibits you from offering to give or giving money or anything of value to foreign public officials, political parties, political party officials, candidates for office and employees of certain public international organizations in return for obtaining or maintaining business or gaining a competitive advantage. Most foreign countries have similar laws. For further details, see the Corporate Policy on U.S. Foreign Corrupt Practices Act Compliance.

4. D. Unlawful Payments Through the Use of Third Party Intermediaries

It is also a violation of the Foreign Corrupt Practices Act to make any payments or give things of value to foreign public officials indirectly through third parties such as sales representatives, consultants and distributors. You cannot make any payment to a third party if you believe it is likely that all or a portion of the payment will be passed on to a foreign public official. For further details, see the Corporate Policy on U.S. Foreign Corrupt Practices Act Compliance.

http://investors.flir.com/ethics.cfm
A22:
Does the company's anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:

1

Comments:
Based on public information, there is evidence of a statement on the giving and receipt of hospitality, that ensures that such transactions are bona fide and not a subterfuge for bribery. However, TI notes that upper limits are only provided with reference to US government officials. The company therefore scores 1.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.12:

- **Business Interests.** Before you invest in any customer, supplier, distributor or competitor of FLIR, especially if you are in a position to influence a decision relating to that entity, you must make sure that this investment does not compromise your responsibilities to FLIR. Any such investment requires the approval of FLIR’s Chief Financial Officer (CFO). Factors you should consider are: the size and nature of the investment, both in absolute terms and in relation to your annual compensation; your ability to influence FLIR’s decisions; your access to FLIR’s or the other company’s confidential information; and the nature of the relationship between FLIR and the other company. This does not apply to investments in mutual funds or in stocks of companies that merged into FLIR held by you as a former employee.

- **Receiving Gifts.** Neither you nor any member of your family may solicit or accept from a customer, supplier, distributor or other business partner, money or a gift that could influence or could reasonably give the appearance of influencing FLIR’s business relationship with that organization. You may accept a gift of nominal value when it is customarily offered to others having a similar relationship with the customer, supplier, distributor or other business partner. If you have any doubts, you should consult your supervisor or a member of FLIR’s Law Department.

(pp.17-18):
4. COMMITMENT TO ETHICAL BUSINESS DEALINGS AND ANTI-CORRUPTION

FLIR has a commitment to use ethical business practices in its business dealings with third parties. You should take special care to treat all customers, public and private, honestly and fairly.

FLIR also conducts its business in compliance with all applicable federal, state, local and foreign anti-corruption laws and regulations. FLIR adheres to all antibribery laws. This means FLIR does not tolerate bribery in its dealings involving public officials or in private commercial transactions. Although some sections of this Code specifically address your conduct in transactions involving public officials, you should remember that FLIR does not tolerate illegal business practices of any kind, regardless of whether you are dealing with public officials or private parties.

4. A. Transactions Involving Public Officials

If you deal with any government or public agency, domestic or foreign, you must understand all applicable laws and regulations concerning the giving of money or things of value to public officials.

The general rule is that you are prohibited from giving money, gifts, gratuities or things of value to public officials, whether the officials are federal, state, local or foreign, in return for favorable treatment. In most jurisdictions, public officials are prohibited from accepting payments or gifts of value.

The term “public official” should be interpreted broadly to include any person acting on behalf of any government or government agency in an official function, regardless of whether they are employed by the government. The test is whether the person occupies a position of public trust with official government responsibilities. All members of the military are public officials.

There are some differences in the laws concerning U.S. public officials and foreign public officials with regard to the giving and acceptance of certain things of value, including entertainment, meals, gifts, gratuities, and the like. You must comply with the laws, regulations and rules of each government and jurisdiction in this regard. Some basic rules and guidelines are provided below.

Please consult your supervisor, or the Company’s Law Department, for guidance and assistance.
4. B. Unlawful Payments to U.S. Public Officials

U.S. federal, state and local employees are prohibited from accepting entertainment, meals, gifts, gratuities or other things of value.

While extending business courtesies is part of building and maintaining business relationships, offering a benefit to a government employee or their family members may violate the law.

A FLIR employee who deals with a government agency is expected to know and abide by all applicable guidelines, and to exercise good judgment in evaluating the propriety of his or her own actions. Unless a proposed gift is clearly permitted under applicable laws and rules, you should assume the gift is prohibited.

The following inexpensive items may be offered to government employees and are not considered gratuities: (1) social courtesies, such as coffee, soft drinks, doughnuts, and refreshments as long as these items are not offered as part of a meal, (2) promotional items such as pens, mugs, mouse pads, or the like, and (3) presentation items such as cards, plaques, certificates and trophies. Specifically, the value of any single gift may never exceed $20, nor may the total value of all gifts offered to one person exceed $50 over the course of one year.

These rules may apply even where the business courtesy is based purely on a personal or social relationship, rather than on the position of the government employee. When in doubt, seek guidance from an appropriate supervisor or from FLIR’s Law Department.

4. C. Unlawful Payments to Foreign Public Officials

The Foreign Corrupt Practices Act prohibits you from offering to give or giving money or anything of value to foreign public officials, political parties, political party officials, candidates for office and employees of certain public international organizations in return for obtaining or maintaining business or gaining a competitive advantage. Most foreign countries have similar laws. For further details, see the Corporate Policy on U.S. Foreign Corrupt Practices Act Compliance.

4. D. Unlawful Payments Through the Use of Third Party Intermediaries

It is also a violation of the Foreign Corrupt Practices Act to make any payments or give things of value to foreign public officials indirectly through third parties such as sales representatives, consultants and distributors. You cannot make any payment to a third party if you believe it is likely that all or a portion of the payment will be passed on to a foreign public official. For further details, see the Corporate Policy on U.S. Foreign Corrupt Practices Act Compliance.

http://investors.flir.com/ethics.cfm
A23:
Does the company have a policy that explicitly prohibits facilitation payments?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a policy that explicitly prohibits facilitation payments.

References:
Public:
NA
A24:
Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:

1

Comments:
Based on public information, there is evidence that the company regulates political contributions in order to prevent undue influence or other corrupt intent. However, there is no readily available evidence that the company publicly discloses all political contributions. The company therefore scores 1.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.16:

3. O. Political Contributions

FLIR reserves the right to communicate its position on important issues to elected representatives and other government officials. It is FLIR's policy to comply fully with all applicable laws, rules and regulations regarding political contributions. FLIR's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior written approval of FLIR's CEO. In addition, subject to applicable law, any political contributions must be restricted to amounts in size sufficient to negate any impression that the contribution was made to gain special consideration for FLIR.

http://investors.flir.com/ethics.cfm
A25:
Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, or discloses the issues on which the company lobbies.

References:
Public:
NA
A25(a):
Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company prohibits charitable contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent.

References:
Public:
NA
A26:
Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

1

Comments:
Based on public information, there is limited evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda. However, a number of these documents are not publicly available and therefore could not be fully assessed. The company therefore scores 1.

References:
Public:
TI notes that FLIR has an Employee Handbook and a corporate policy on *Foreign Corrupt Practices Compliance*. However, these documents are not publicly available and therefore could not be assessed.
A27:
Does the company have a training programme that explicitly covers anti-corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a training programme that explicitly covers anti-corruption.

References:
Public:
NA
A28:
Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:
0

Comments:
Based on public information, there is no readily available evidence that anti-corruption training is provided in all countries where the company operates or has company sites.

References:
Public:
NA
A29:
Does the company provide targeted anti-corruption training to members of the Board?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to members of the Board. TI notes that new directors receive briefings on the company’s compliance programs, but it is unclear if this includes an anti-corruption training module.

References:
Public:
Corporate Governance Principles (October 2013), p.4:
‘2. Director Orientation and Education. The Board and the Company’s senior management will provide new directors with materials and briefings necessary to permit them to become familiar with the Company’s business, strategic plans, significant financial, accounting and risk management issues, internal control and compliance programs and corporate governance practices. The Company will provide additional educational opportunities for its directors on an ongoing basis as necessary to enable each director to perform his or her duties as a director and Board committee member.’
http://investors.flir.com/ethics.cfm
A30:
Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions.

References:

Public:
NA
A31:
Does the company have a clear and formal process by which employees declare conflicts of interest?

Score:
1

Comments:
Based on public information, there is some evidence that the company has a formal process by which employees declare conflicts of interest. Employees are directed to speak to their supervisors, the HR department or the Law department. However, the details of the process are not made clear, specifically in regard to who employees should contact first and how each department is involved in the process. The company therefore scores 1.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), pp.11-13:
3. G. Conflicts of Interest

While our duties to FLIR do not prevent us from engaging in personal transactions and investments, we must take care to avoid situations that create a conflict of interest or the appearance of a conflict of interest. FLIR is subject to scrutiny from many different individuals and organizations, and we should always strive to avoid even the appearance of impropriety. What constitutes conflict of interest? It exists where the interests or benefits of one person or entity conflict with the interests or benefits of FLIR. The most common types of conflicts are discussed below, although you should be sensitive to other situations that could create a conflict of interest:

Outside Employment. With the exception of members of our Board of Directors, we expect our employees to devote their full attention to FLIR’s business interests. Hence, you cannot engage in any activity that interferes with your performance or responsibilities, or is in conflict with or prejudicial to FLIR. For example, you can’t be employed by us and at the same time work for a supplier, customer, distributor or competitor, nor can you be involved in advancing a competitor’s position. Further, you must disclose any interest of yours that may conflict with the business of FLIR. If you have any questions about this requirement, contact your supervisor or the HR Department.

Outside Directorships. It is a conflict of interest to serve as a director of any company that competes with FLIR. You may serve as a director of a FLIR supplier, customer, distributor or other business partner only if you first obtain approval from the CEO. Any compensation you receive should be commensurate to your responsibilities. Serving as a director of a non-profit organization or charity does not violate this policy or require approval.
Business Interests. Before you invest in any customer, supplier, distributor or competitor of FLIR, especially if you are in a position to influence a decision relating to that entity, you must make sure that this investment does not compromise your responsibilities to FLIR. Any such investment requires the approval of FLIR’s Chief Financial Officer (CFO). Factors you should consider are: the size and nature of the investment, both in absolute terms and in relation to your annual compensation; your ability to influence FLIR’s decisions; your access to FLIR’s or the other company’s confidential information; and the nature of the relationship between FLIR and the other company. This does not apply to investments in mutual funds or in stocks of companies that merged into FLIR held by you as a former employee.

Receiving Gifts. Neither you nor any member of your family may solicit or accept from a customer, supplier, distributor or other business partner, money or a gift that could influence or could reasonably give the appearance of influencing FLIR’s business relationship with that organization. You may accept a gift of nominal value when it is customarily offered to others having a similar relationship with the customer, supplier, distributor or other business partner. If you have any doubts, you should consult your supervisor or a member of FLIR’s Law Department.

Related Party Transactions. As a rule, you should not conduct FLIR business with a family member or significant other, or with a business in which they have a key role. “Family members” include immediate family members, aunts, uncles, nieces, nephews, cousins, step relationships and in-laws. “Significant others” include persons with whom you share a household. Any dealings with a related party must be conducted so that no preferential treatment is given to this business.

If a related party transaction is unavoidable, it must be approved in writing by either the CEO or the Audit Committee. If you are involved in a proposed related party transaction, you must first disclose the nature of the proposed transaction in writing to the CEO. The CEO will either make a determination on whether the transaction is permissible or will refer the matter to the Audit Committee. In addition to reviewing transactions referred by the CEO, the Audit Committee also reviews any related party transaction involving a director or officer. Significant related party transactions, including any involving FLIR’s directors or officers, must also be reviewed and approved in writing in advance by the Board of Directors. FLIR is required to publicly disclose certain material related party transactions under applicable accounting rules and federal securities laws.

Other Situations. It would be impractical to list all possible situations in which a conflict of interest may arise. Hence it is your responsibility to use your best judgment to avoid all such transactions.

If you have doubts about whether an activity constitutes a conflict of interest, you should err on the side of caution and consult the Human Resources Department or the Law Department before taking any action.

http://investors.flir.com/ethics.cfm

Code of Ethics for Senior Financial Officers (March 2008), p.1:
‘In performing his or her duties, each of the Senior Financial Officers must:
(1) maintain high standards of honest and ethical conduct and avoid any actual or apparent conflict of interest;
(2) report to the Audit Committee of the Board of Directors any conflict of interest that may arise and any material transaction or relationship that reasonably could be expected to give rise to a conflict;’

http://investors.flir.com/ethics.cfm
A32:
Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score:

2

Comments:
Based on public information, there is evidence that the company is explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities.

References:
Public:
Code of Ethical Business Conduct
For FLIR Operations Inside the U.S.

Effective: November 24, 2013

As evidence of FLIR's commitment to conducting the Company's business to the
highest ethical standards, we have adopted this Code of Ethical Business Conduct for
FLIR Operations Inside the U.S. (referred to as the "Code").

Accordingly, we require all FLIR employees, including officers and members of
our Board of Directors, to:

- Read and understand the Code;
- Sign the written acknowledgment that they have done so;
- Ensure that their conduct fully meets ethical standards; and
- Take action to ensure that FLIR affiliates (such as representatives, distributors,
agents, consultants and contractors) understand and comply with these ethical
standards.

(p.6):

1. C. FLIR will:
   - Maintain this Code to meet the requirements of applicable law and recognized
     business ethics;
   - Communicate this Code to all employees and members of the Board of Directors;
   - Review and revise our business practices, procedures and policies as necessary to
     insure compliance;
   - Maintain a system to encourage and allow the anonymous reporting of suspected
     improper conduct;
   - Impose disciplinary action for improper conduct;

(pp.7-8):
2. D. Discipline for Compliance Violations

If it is determined that a violation of the Code or applicable laws, rules or regulations has taken place, disciplinary action will be taken against:

- Any FLIR employee who violates this Code, fails to report a violation, or withholds material information about a known violation;
- The violator's supervisor(s) and manager(s), where a lack of leadership, supervision, or diligence has directly or indirectly contributed to the violation; and
- Any supervisor or co-worker who attempts or encourages retaliation against a reporting individual.

In addition, anyone who makes a false report or deliberately distorts the truth is also subject to disciplinary action.

Discipline may also be imposed on individuals who, while not directly involved in the violation, may have authorized or participated in it. Depending on the nature and extent of the violation, discipline may include:

- reprimands and warnings;
- probation or suspension without pay;
- demotion;
- reduction in salary, bonus or other compensation;
- reimbursement to the Company or the Government for any resulting losses or damages;
- termination of employment.

http://investors.flir.com/ethics.cfm

Code of Ethics for Senior Financial Officers (March 2008), p.2:

‘The Audit Committee will assess compliance with this Code, report material violations to the Board of Directors, and recommend to the Board appropriate action. Actual violations of this Code, including failure to report potential violations by others, can lead to disciplinary action at the Corporation’s discretion up to and including termination of employment.’

http://investors.flir.com/ethics.cfm
A33:
Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

2

Comments:
Based on public information, there is evidence that the company has multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee, to report concerns or instances of suspected corrupt activity. In particular, an online-reporting system is operated by an independent third party and facilitates anonymous reporting.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), pp.7-8:
2. C. How to Report a Concern or Violation

Concerns or suspected violations of the Code should be reported to your supervisor. If this isn’t possible (if you suspect your supervisor of involvement in the violation), you should report the matter, either verbally or in writing, to the Human Resources (HR) Department, the Law Department or the Chief Executive Officer (CEO).

FLIR has established an anonymous, interactive on-line reporting system that is provided and managed by an outside, independent company that has no other relationship to FLIR. This system, provided by Ethicspoint®, allows you to report concerns or suspected violations, check on the progress of your report, answer or ask questions, seek advice, and respond to requests for information – while protecting your identity.

You may access this service via the FLIR intranet, by clicking on the “Ethicspoint®” icon. You will then be brought to the secure FLIR site at Ethicspoint®, which describes FLIR policy regarding violations and good faith reporting requirements. Click on the “Make a Report” link and you will find the reporting screen where you may file your report, or seek advice. After you have completed the report, you will be given a “Report Key” to use with your chosen password for all future correspondence and updates.

Your anonymous report will go from Ethicspoint® to the Compliance Officers at FLIR who will respond to you promptly. When you login again with your password, you may be asked for additional details and information in order to fully investigate your claim. A response will be provided to all additional information provided by you. Your identity will be kept strictly confidential throughout this process, and not revealed to anyone at FLIR. You may check on the status of your report at any time by logging in with your password on the FLIR Ethicspoint® site.
2. RESPONSIBILITY FOR COMPLIANCE

2. A. What We Require of You

For purposes of the Code, the term “employee” includes all FLIR employees, officers, and members of the Board of Directors. Hence, all employees are required to:

- Comply with this Code and with all laws, rules and regulations applicable to the conduct of our business and the management of our business relationships;
- Be alert to any possible violation of the above and report them to the Company as soon as possible;
- Exercise good faith and honesty in reporting possible violations; and
- Cooperate fully and truthfully in any internal or external investigation of possible violations.

Directors are required to comply with the relevant sections of the Code, which includes all sections, other than the following sections which are not applicable to service as a member of the Board of Directors: Sections 2.C., 2.D., 3.N., 3.P., 4.E. and 4.F.

2. B. Our Commitment to You

We recognize that FLIR must take action to ensure that the objectives of the Code are met. For our part, we assure you that:

- Anyone who communicates ethical concerns or reports suspected violations will be treated with respect;
- We will review and address issues that are raised in any complaint or report;
- Any communication from, and the identity of, a reporting individual will be treated confidentially to the greatest extent possible;
- FLIR will not take action against any reporting individual acting in good faith, and will protect that individual from retaliation.

http://investors.flir.com/ethics.cfm
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:

1

Comments:
Based on public information, there is evidence that the company has whistleblowing channels available to all employees in the US. It is unclear what channels are open to those operating outside of the US, if any. The company therefore scores a 1.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), pp.7-8:
2. C. How to Report a Concern or Violation

Concerns or suspected violations of the Code should be reported to your supervisor. If this isn’t possible (if you suspect your supervisor of involvement in the violation), you should report the matter, either verbally or in writing, to the Human Resources (HR) Department, the Law Department or the Chief Executive Officer (CEO).

FLIR has established an anonymous, interactive on-line reporting system that is provided and managed by an outside, independent company that has no other relationship to FLIR. This system, provided by Ethicspoint®, allows you to report concerns or suspected violations, check on the progress of your report, answer or ask questions, seek advice, and respond to requests for information – while protecting your identity.

You may access this service via the FLIR intranet, by clicking on the “Ethicspoint®” icon. You will then be brought to the secure FLIR site at Ethicspoint®, which describes FLIR policy regarding violations and good faith reporting requirements. Click on the “Make a Report” link and you will find the reporting screen where you may file your report, or seek advice. After you have completed the report, you will be given a “Report Key” to use with your chosen password for all future correspondence and updates.

Your anonymous report will go from Ethicspoint® to the Compliance Officers at FLIR who will respond to you promptly. When you login again with your password, you may be asked for additional details and information in order to fully investigate your claim. A response will be provided to all additional information provided by you. Your identity will be kept strictly confidential throughout this process, and not revealed to anyone at FLIR. You may check on the status of your report at any time by logging in with your password on the FLIR Ethicspoint® site.

http://investors.flir.com/ethics.cfm
A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

0

Comments:
Based on public information, there is some evidence to indicate that the company does not deter whistleblowing. However, there is no readily available evidence of formal and comprehensive mechanisms to ensure that whistleblowers are treated supportively. Such mechanisms could include analysis of whistleblowing data, employee surveys or procedures to follow up with individual whistleblowers.

References:
Public:
TI notes:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), pp.7-8:
2. C. How to Report a Concern or Violation

Concerns or suspected violations of the Code should be reported to your supervisor. If this isn’t possible (if you suspect your supervisor of involvement in the violation), you should report the matter, either verbally or in writing, to the Human Resources (HR) Department, the Law Department or the Chief Executive Officer (CEO).

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2. RESPONSIBILITY FOR COMPLIANCE

2. A. What We Require of You

For purposes of the Code, the term “employee” includes all FLIR employees, officers, and members of the Board of Directors. Hence, all employees are required to:

- Comply with this Code and with all laws, rules and regulations applicable to the conduct of our business and the management of our business relationships;
- Be alert to any possible violation of the above and report them to the Company as soon as possible;
- Exercise good faith and honesty in reporting possible violations; and
- Cooperate fully and truthfully in any internal or external investigation of possible violations.

Directors are required to comply with the relevant sections of the Code, which includes all sections, other than the following sections which are not applicable to service as a member of the Board of Directors: Sections 2.C., 2.D., 3.N., 3.P., 4.E. and 4.F.

2. B. Our Commitment to You

We recognize that FLIR must take action to ensure that the objectives of the Code are met. For our part, we assure you that:

- Anyone who communicates ethical concerns or reports suspected violations will be treated with respect;
- We will review and address issues that are raised in any complaint or report;
- Any communication from, and the identity of, a reporting individual will be treated confidentially to the greatest extent possible;
- FLIR will not take action against any reporting individual acting in good faith, and will protect that individual from retaliation.

http://investors.flir.com/ethics.cfm
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:
2

Comments:
Based on public information, there is evidence that the company has well-publicised resources available to all employees where help and advice can be sought on corruption-related issues.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.4:

If you have any questions about interpreting or applying the Code of Ethical Business Conduct for FLIR Operations Inside the U.S., please consult with a member of FLIR's Law Department or Human Resources Department.

Sincerely,

Andrew Firth
President and Chief Executive Officer

(p.7):

2. C. How to Report a Concern or Violation

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http://investors.flir.com/ethics.cfm
A35: Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score: 2

Comments: Based on public information, there evidence that the company has a commitment to non-retaliation for bona fide reporting of corruption. There is evidence that disciplinary measures are applied to those who breach this policy.

References:
Public:
Code of Ethical Conduct for FLIR Operations Inside the U.S. (November 2013), p.7:

2. RESPONSIBILITY FOR COMPLIANCE

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- FLIR will not take action against any reporting individual acting in good faith, and will protect that individual from retaliation.
2. D. Discipline for Compliance Violations

If it is determined that a violation of the Code or applicable laws, rules or regulations has taken place, disciplinary action will be taken against:

- Any FLIR employee who violates this Code, fails to report a violation, or withholds material information about a known violation;

- The violator's supervisor(s) and manager(s), where a lack of leadership, supervision, or diligence has directly or indirectly contributed to the violation; and

- Any supervisor or co-worker who attempts or encourages retaliation against a reporting individual.

In addition, anyone who makes a false report or deliberately distorts the truth is also subject to disciplinary action.

Discipline may also be imposed on individuals who, while not directly involved in the violation, may have authorized or participated in it. Depending on the nature and extent of the violation, discipline may include:

- reprimands and warnings;
- probation or suspension without pay;
- demotion;
- reduction in salary, bonus or other compensation;
- reimbursement to the Company or the Government for any resulting losses or damages;
- termination of employment.

http://investors.flir.com/ethics.cfm
Information Sources:

Company website:
www.flir.com

FLIR Supplier Code of Conduct (March 2014):

California Transparency in Supply Chains Act of 2010 (March 2013):

http://investors.flir.com/ethics.cfm

Corporate Governance Principles (October 2013):
http://investors.flir.com/ethics.cfm

Code of Ethics for Senior Financial Officers (March 2008):
http://investors.flir.com/ethics.cfm

Audit Committee Charter (July 2013):
http://investors.flir.com/charters.cfm

Corporate Governance Committee Charter (July 2013):
http://investors.flir.com/charters.cfm

Definitive Proxy Statement DEF 14A (March 2014):
http://investors.flir.com/sec.cfm