

Code of Ethical Business Conduct



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Code of Ethical Business Conduct

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** (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 acknowledgement** 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 and contractors) **understand and comply** with these ethical standards.

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TABLE OF CONTENTS

Letter from Earl Lewis, President and CEO	4
1. Our Ethical Principles	5
2. Responsibility for Compliance	7
2.A. What We Require of You.....	7
2.B. Our Commitment to You.....	7
2.C. How to Report A Concern or Violation.....	8
2.D. Discipline for Compliance Violations.....	9
3. Commitment to the Company and Shareholders	10
3.A. Conduct in the Workplace.....	10
3.B. Compliance with Applicable Laws.....	10
3.C. Protection of Company Assets.....	10
3.D. Use of Company Funds.....	11
3.E. Maintenance of Accurate Records.....	11
3.F. Disclosure to Shareholders.....	12
3.G. Conflicts of Interest.....	13
3.H. Corporate Opportunities.....	15
3.I. Protection of Confidential Information.....	15
3.J. Prohibition on Insider Trading.....	16
3.K. Prohibition against Short Selling.....	17
3.L. Maintaining and Managing Records.....	18
3.M. Records on Legal Hold.....	18
3.N. Product Integrity.....	19
3.O. Political Contributions.....	19
3.P. Drug-free Workplace.....	19



4. Ethical Business Dealings with Public Officials	20
4.A. Prohibition on Bribery.....	20
4.B. Business Contributions.....	21
4.C. Prohibition on Bribery of Foreign Officials.....	22
4.D. Employment of Former US Government Employees.....	22
4.E. Exchange of Information with Federal Employees.....	23
5. Ethical Business Dealings with Non-Government Parties	24
5.A. Prohibition on Kickbacks.....	24
5.B. Commissions and Payments to Outside Parties....	25
5.C. Confidential Information of Others.....	25
5.D. Selecting Suppliers.....	26
6. Legal Effect	26
7. Additional Documents and References	26
8. Acknowledgements Required	27
9. Receipt and Acknowledgement	28

Letter from Earl R. Lewis, President and CEO

June 2003

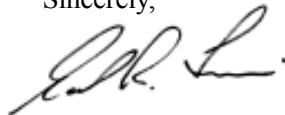
To FLIR Employees, Officers and Directors:

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 making excellent thermal imaging systems.

The attached Code of Ethical Business Conduct describes the principles and standards that we expect our employees to keep in conducting the company's business. For our part, 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 who suspects that a violation of law or business standards has occurred, to report the suspected offence anonymously and without fear of retribution. This system is explained in detail in Section 2.C. of this Code and all employees should be 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.

Sincerely,



Earl R. Lewis
Chairman of the Board,
President and CEO

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.

1. B. FLIR is committed to the ethical treatment of those with whom we do business:

For our Employees:

We are committed to honesty, just management, fairness, and providing an environment free from discrimination and fear of retribution.

For our Customers:

We are committed to producing reliable products and services, delivered on time, at a fair price.

For our Shareholders:

We are committed to pursuing sound growth and earnings objectives, exercising prudence in the use of assets and resources and providing accurate and complete disclosure regarding FLIR's operations and financial condition.

For our Suppliers and Partners:

We are committed to fair competition and the sense of responsibility required of a good customer and teammate.

1. C. FLIR agrees to:

- Maintain this Code to meet the requirements of applicable law and recognized business ethics;
- Communicate this code to all employees and 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;
- Report any violation in connection with Government contracts in a timely manner; and
- Cooperate fully in any Government investigation or corrective action.

2. RESPONSIBILITY FOR COMPLIANCE

2. A. What We Require of You

For purposes of this 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;
- Cooperate fully and truthfully in any internal or external investigation of possible violations; and
- Exercise good faith and honesty in reporting possible violations.

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;
- The identity of any reporting individual will be maintained in confidence at all times;
- Any communication from 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.

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 Legal Department or to 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, in as many words as needed. 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 within 2 business days. When you login again with your password, you may be asked for additional details and information in order to fully investigate your claim. All additional information provided by you will be answered within 2 business days. 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 your password on the FLIR Ethicspoint site.

2. D. Discipline for Compliance Violations

If, after examination of the charges filed through Ethicspoint, it is determined that a violation of the Code 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;
- Any supervisor or co-worker who attempts or **encourages retaliation** against a reporting individual;
- Anyone who makes a **false report** or deliberately distorts the truth.

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 without severance.

3. COMMITMENT TO THE COMPANY AND ITS SHAREHOLDERS

3. A. Conduct in the Workplace

FLIR aspires to create and maintain a cooperative, efficient work environment that is free from discrimination, harassment or retribution. This commitment extends to offsite locations where Company business is conducted, including social events. We expect all of our employees to share this commitment, and to exercise good judgment in conducting Company business. Please refer to the comprehensive *FLIR Employee Handbook* for detailed information on harassment and other workplace issues.

3. B. Compliance With Applicable Laws

FLIR requires that all employees, as well as representatives, distributors, agents and contractors, comply with all applicable laws, regulations, rules and regulatory orders. Given the significant international component of our business, FLIR places special emphasis on compliance with the *Foreign Corrupt Practices Act* (see Section 4 of this Code), and U.S. Export Controls (see the Export Control Compliance Policy). Any individual located outside the U.S. or traveling abroad on Company business must understand and comply with applicable local laws and regulations.

It is your responsibility to have sufficient understanding of the legal requirements applicable to your duties and responsibilities, and to seek assistance from the HR or Legal Department where required.

3. C. Protection of Company Assets

You have a fiduciary responsibility to protect the equipment and assets of the Company, which are only to be used for business purposes. You may not misappropriate, loan, sell or donate FLIR's assets without authorization. You are also responsible for the proper

use of FLIR's assets, including inventory and equipment, and are required to safeguard them against loss, damage, or theft. If you have any questions about this policy, please contact FLIR's Human Resources Department.

3. D. Use of Company Funds

Every FLIR employee is responsible for the funds over which he or she exercises control. You are required to take reasonable steps to ensure that these funds are used only for FLIR business purposes in an appropriate and authorized manner, and that accurate records of all expenditures are maintained and submitted in a timely manner. You may not use Company-guaranteed credit cards for any personal purpose. FLIR representatives, distributors, agents and contractors should not be allowed to control FLIR funds.

3. E. Maintenance of Accurate Records

FLIR is required by law to keep an accurate accounting of all financial transactions for its financial records, including payment of commissions, consulting or service fees, facilitating payments and gratuities.

FLIR has adopted policies and procedures to insure that we maintain complete and accurate books, records, and communications. If your duties include preparing business documents such as financial records, internal or external correspondence, memoranda, or any type of communication, you are expected to be complete, honest, and accurate. All disbursements and receipts must be properly and promptly recorded, and no undisclosed or unrecorded fund or asset may be established for any purpose. All Company funds must be retained in Company-directed accounts.

You may not falsify or destroy records in order to hide non-compliance or demonstrate compliance with the requirements of a contract or of any applicable law. Any inaccurate description of labor costs in FLIR's records is strictly prohibited, including time charges that do not reflect actual time worked.

Mislabeled or hidden transactions can result in civil and criminal liability for FLIR and the individual involved, including severe fines and lengthy imprisonment. (Please refer to the *Foreign Corrupt Practices Act* for full details). If you have any questions about the above, you should consult an appropriate supervisor, the Corporate Controller or the Legal Department.

3. F. Accurate Disclosure to Shareholders

It is the duty of the Company's management to produce financial statements and periodic reports to our shareholders that fairly present the Company's financial condition and results of operations, and to make the timely disclosures needed to assess the financial and business condition of the Company.

If you are responsible for providing any aspect of this information, you must make sure that it is accurate, complete, objective, timely and understandable. In doing so, you must act in good faith, without misrepresenting or omitting material facts, and in compliance with all federal, state and local rules and regulations, including rules promulgated by the Securities and Exchange Commission (SEC) and by state securities authorities. Any inaccurate or misrepresented information reported to the SEC, or the failure to provide required information, may subject FLIR and the individuals involved to civil and criminal penalties under the Sarbanes-Oxley Act.

FLIR has adopted disclosure controls to ensure that reports to our shareholders do not contain misleading or untrue information, including omissions of material facts. Every person involved in the process of preparing reports to FLIR's shareholders must clearly understand their legal responsibilities under the Company's disclosure controls. If you have any questions about this, please contact an appropriate supervisor or FLIR's Legal Department.

3. G. Conflicts of Interest

While your duties to FLIR do not prevent you from engaging in personal transactions and investments, you must take care to avoid situations where a conflict of interest might occur or appear to occur. FLIR is subject to scrutiny from many different individuals and organizations, and you 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. Examples include:

Employment/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, developer 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, developer or other business partner 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, developer 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 exceptions to this policy require a written waiver from the Chief Financial Officer (CFO). (As a guideline, an investment in any company should be no more than 15% of your annual base compensation measured at the lower of your cost or market.) Other factors

you should consider are: the size and nature of the investment; 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.

Related Party Transactions. As a rule, you should not conduct FLIR business with a relative or significant other, or with a business in which they have a key role. “Relatives” include immediate family members, aunts, uncles, nieces, nephews, cousins, step relationships and in-laws. “Significant others” include persons living with you in a spousal or familial fashion. 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, you must first disclose its nature in writing to the CEO. If the CEO so determines, the Audit Committee must then review and approve the transaction in writing in advance. Significant related party transactions, including any involving FLIR’s directors or officers, must be reviewed and approved in writing in advance by the Board of Directors. FLIR is required to report all material related party transactions under applicable accounting, SEC and securities market rules and regulations, 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.

As a rule of thumb, if you have doubts about whether an activity constitutes a conflict of interest, you should consult the Human Resources Department before taking any action.

3. H. Corporate Opportunities

Employees may not exploit opportunities discovered through the use of corporate property, information or position, for their personal gain unless the opportunity is fully disclosed in writing to, and authorized by, FLIR’s Board of Directors.

3. I. Protection of Confidential Information

When you joined FLIR, you signed an agreement to protect and hold confidential FLIR proprietary information. This agreement remains in effect while you are an employee and after you leave. Our confidential information is a valuable asset and may only be used for FLIR business purposes. This includes product architectures, plans and road maps; names and lists of customers, dealers and employees; financial and any other information designated as confidential. This information is owned by FLIR and may be protected by patent, trademark, copyright and trade secret laws. Every employee, agent and contractor has a duty to safeguard and refrain from disclosing confidential information.

This includes securing and properly disposing of confidential information in accordance with FLIR’s policy on maintaining and managing records. The obligation to protect confidential information extends to that of third parties, which FLIR has rightfully received under Non-Disclosure Agreements. (See *Handling Confidential Information of Others* in Section 5 of this Code.)

Disclosure of FLIR Confidential Information. Occasionally our confidential information may be disclosed to potential business partners. Any such disclosure should only be done after carefully considering its potential benefits and risks. If, together with your supervisor, you determine that disclosure of confidential information is necessary, you must first contact the Legal Department to ensure that an appropriate nondisclosure agreement is signed prior to making the disclosure.

Requests by Regulatory Authorities. The Company and its employees, agents and contractors must cooperate with appropriate government inquiries and investigations. Even in this context it is important to protect FLIR’s legal rights regarding confidential information. All government requests for information, documents or investigative interviews must be referred to FLIR’s Legal Department, and no information may be disclosed without their prior approval.

FLIR Spokespeople. FLIR has an Investor Relations Policy regarding who may communicate with the press, the financial community, and the public. All inquiries from the press and financial analysts should be referred to the CEO. FLIR has designated its Chairman, CEO, CFO and Legal Department as Company spokespeople. These designees, and other individuals designated by them, are the only people who may communicate with the press or the financial community.

3. J. Prohibition on Insider Trading

The securities laws apply to everyone. In the normal course of business, employees, agents, contractors and consultants of FLIR may come into possession of significant, sensitive information. This information is the property of FLIR — you have been entrusted with it. You may not profit from it by buying or selling securities yourself, or by passing on the information to others.

FLIR maintains an Insider Trading Policy that you should review and understand prior to entering into **any transaction** involving the purchase or sale of FLIR stock. The Policy is available from the Company’s Stock Plan Administrator or Legal Department, and from the FLIR website. The purpose of this Policy is to inform you of your legal responsibilities, and to make clear that the misuse of sensitive information is contrary to both Company policy and securities laws.

In reviewing the Insider Trading Policy, you should pay particular attention to the potential criminal and civil liability and/or disci-

plinary action for insider trading violations. These rules are strictly enforced, even when the financial transactions seem small. You should always contact FLIR’s CFO or Legal Department if you are unsure of any aspect of the Policy.

We cannot emphasize strongly enough that insider trading is a serious crime punishable by severe fines and lengthy prison sentences. The SEC may also seek civil penalties against profits made or losses avoided from the trading, in addition to disgorging any profits. Finally, insider traders may be subjected to civil liability in private lawsuits. Employers and other controlling persons (including supervisory personnel) are also at risk under U.S. securities laws.

Thus, it is important for all of us that insider trading violations NOT occur.

FLIR has imposed a trading blackout on all officers, directors, employees and certain designated consultants and contractors who may have material nonpublic information, and are not allowed to trade in FLIR securities during the blackout period. All questions regarding FLIR’s Insider Trading Compliance Program should be directed to the CEO or Legal Department.

3. K. Prohibition Against Short Selling of FLIR Stock

A short sale, as defined in this policy, means any transaction — including ‘put and call’ options — where you may benefit from a decline in FLIR’s stock price. No FLIR employee, agent or contractor may engage in short sales or any transaction involving a collar. Neither may they, directly or indirectly, sell any FLIR equity security, including derivatives, if they: 1) do not own the security sold, or 2) own the security but do not deliver it within 20 days, or 3) do not mail it (or the equivalent) within five days.

3. L. Maintaining and Managing Records

FLIR is required by law to retain certain records and to follow specific guidelines in managing them. You are expected to know and understand retention policies that apply to all recorded information in your custody or control. These include paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm or all other media. Failure to comply with such guidelines can include civil and criminal penalties, and may subject the employee, agent or contractor to disciplinary action, up to and including termination of employment or business relationship.

3. M. Records on “Legal Hold”

A “legal hold” suspends all document destruction in order to preserve records under special circumstances, such as litigation or government investigations. FLIR’s Legal Department determines what types of records or documents should be under a legal hold, and will notify you if a hold is placed on records for which you are responsible. You must then preserve and protect the necessary records until our Legal Department officially releases the legal hold in writing. If you are unsure whether a document has been placed under this status, you should preserve it while you check with the Legal Department.

RECORDS OR SUPPORTING DOCUMENTS THAT HAVE BEEN PLACED UNDER A LEGAL HOLD MUST NOT BE DESTROYED, ALTERED OR MODIFIED UNDER ANY CIRCUMSTANCES BY ANY EMPLOYEE, AGENT OR CONTRACTOR.

Failure to comply can include civil and criminal penalties and may subject the employee to disciplinary action up to and including termination of employment or business relationship. If you have any questions about this policy, please contact the Legal Department.

3. N. Product Integrity

FLIR will not deliver inferior goods to the U.S. or any foreign government, nor allow the substitution of shoddy parts, nor reduce performance. No employee may knowingly misrepresent the condition or status of products being prepared for inspection, testing, or delivery. We expect employees responsible for product testing to ensure that products are designed and manufactured to meet appropriate quality criteria and to provide accurate and sufficient documentation of all tests.

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 and, if required, the Board of Directors.

3. P. Drug-Free Workplace

FLIR has instituted and maintains a program for achieving a drug-free workplace. The use of illegal drugs is inconsistent with the law-abiding behavior expected of all citizens. Employees who use illegal drugs tend to be less productive, less reliable, and prone to absenteeism. The use of illegal drugs also results in the potential for increased cost, delay, and risk in the performance of a contract. Please refer to the Employee Handbook for rules and policies relating to this program.

4. COMMITMENT TO ETHICAL DEALINGS WITH PUBLIC OFFICIALS

FLIR conducts its business in compliance with federal, state, and local laws and regulations concerning the acceptance by government employees of entertainment, meals, gifts, gratuities, and other things of value.

If you deal with any government or public agency, domestic or foreign, you must comply with the guidelines set out below, and understand all applicable laws and rules. Please consult your supervisor, or the Company's Legal Department, for guidance and assistance.

4. A. Prohibition on Bribery

The offer or payment of a bribe to **any** public official, whether local, state, federal, or foreign, is strictly prohibited and will be grounds for immediate termination.

What is a Public Official? This 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.* Even an employee of another government contractor can be a "public official."

What is a Bribe? A bribe is an offer of anything of value, even a token gift, which is made to a public official specifically in exchange for an official act, or for a decision or action on any matter. If a gift is only intended to build goodwill, it may not be a bribe but a gratuity as discussed in Section B below. Please seek guidance from the Legal Department before offering anything of value, even a token gift, to anyone who might be considered a public official. **If you have any doubt whether a transaction may be considered a**

bribe—don't do it! Bribery is a serious crime both for the individual and for FLIR, subject to severe fines and even imprisonment.

4. B. Business Courtesies

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!

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 Legal Department.

What is a Gratuity? A gratuity is any "favor, discount, entertainment, hospitality, loan, or other item having monetary value." Subject to certain minor exceptions, **federal and most other government employees are prohibited from soliciting or accepting a gratuity, and FLIR prohibits the offer of a gratuity to any federal worker. This includes services, training, transportation, local travel, lodging and meals under any circumstances.**

What is NOT a Gratuity? 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.

4. C. Prohibition on Bribery of Foreign Officials

FLIR is committed to conducting its international business activities free of corruption. The prohibition of bribery extends beyond the U.S., and prohibits employees from making bribe payments to **any** foreign official in order to induce favorable business treatment or to affect governmental decisions.

In addition, FLIR prohibits the indirect bribery of foreign officials through intermediaries. FLIR also prohibits payments to any third party, such as a sales agent, if you know that the payment will be passed along to a foreign official for the above purposes, or believe the agent may use some or all of the payment to bribe an official.

Penalties for violating international anti-bribery laws can be severe for FLIR, for our employees and for others through whom FLIR was acting, and can include heavy criminal and civil fines and imprisonment for up to five years. FLIR is prohibited from reimbursing its officers, directors, employees, agents, or stockholders for the cost of any fines imposed on them.

4. D. Employment of Former U.S. Government Employees

FLIR prohibits offering present or future employment to a federal worker who is involved in a procurement to which FLIR is a party. Further, FLIR prohibits offering compensation, in any form, to a former U.S. Government employee whose duties included participation in the procurement process, without first obtaining official approval from FLIR's Legal Department.

In addition, many federal employees who participate in the procurement process are banned by law from accepting compensation as an employee, officer, director, or consultant of FLIR for one year after leaving federal employment.

4. E. Exchange of Information with Federal Employees

In federal procurement activities, FLIR prohibits its employees, and anyone acting on its behalf, from knowingly obtaining either (1) another contractor's bid or proposal information, or (2) source selection information before the award of a contract.

“Bid or proposal information” is information submitted to a federal agency in connection with a bid or proposal that relates to cost or pricing, indirect costs and direct labor rates, proprietary information about manufacturing processes, operations, or techniques, and any other information so marked by the contractor.

“Source selection information” is information not previously publicly disclosed that is prepared for use by a federal agency in evaluating a bid or proposal. It includes bid prices and proposed costs; source selection plans; technical evaluation plans; technical and cost or price evaluations of proposals; competitive range determinations identifying those proposals with a reasonable chance of being selected for award; rankings of bids, proposals, or competitors; reports and evaluations of selection panels, and other information so marked. If you are involved in federal procurement, you must understand the laws and the regulations of the agencies with which you are dealing. In case of uncertainty, you should consult an appropriate supervisor or FLIR's Legal Department.



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 Legal Department with any questions.

5. B. Commissions, Percentages and Contingent Fee Payments to Outside Parties

FLIR prohibits the solicitation or payment of a commission to any outside party that is not an established commercial selling agency retained by FLIR, *when payment of the commission is contingent upon obtaining a U.S. Government contract.* Such payment subjects FLIR to severe potential penalties, including cancellation of the resulting contract. Therefore, you are required to obtain approval from FLIR's Legal Department before offering or paying any commission to an outside party other than to an agent retained by FLIR. Commissions can only be paid when supported by a current contract.

5. C. Handling the Confidential Information of Others

FLIR has business relationships with many companies and individuals. Sometimes they will volunteer confidential information about their products or business plans to induce FLIR to enter into a relationship. At other times, we may ask that a third party provide us with confidential information in order to evaluate a potential business relationship. Whatever the situation, we expect you to handle the confidential information of others with integrity so as to maintain its confidentiality, and in accordance with our agreements with such third parties.



5. D. Selecting Suppliers

FLIR's suppliers make significant contributions to our success, and must be confident that they will be treated ethically. Our policy is to purchase supplies based on need, quality, service, price, and terms and conditions. Under no circumstances should any FLIR employee, agent or contractor attempt to coerce suppliers in any way. The confidential information of a supplier is entitled to the same protection as that of any other third party and must not be received before a nondisclosure agreement has been signed. Our suppliers are free to sell their products or services to any other party, including competitors, unless the agreement between the parties contains restrictions on sales.

6. LEGAL EFFECT

Nothing in this Code, or in any Company policy or procedure, or in any related communications, creates or implies an employment contract or term of employment.

7. FURTHER REFERENCES

Additional Documents and References: You may need to refer to additional policies, guidelines, handbooks and other publications in order to further your understanding of some of the issues raised above. These documents can be found on the FLIR website under Export, Finance, Legal, and Human Resources and include The Foreign Corrupt Policies Act, The Export Control Compliance Policy, and The FLIR Employee Handbook.

8. ACKNOWLEDGEMENTS REQUIRED

All FLIR employees are required to sign the acknowledgement form attached to this Code (next page) and return it to the Human Resources Department for inclusion in the personnel files. The Company will also require each employee to certify annually in writing that they have complied with this Code and that they are not aware of any violations, or have listed all violations of which they have knowledge.



9. RECEIPT AND ACKNOWLEDGEMENT

I hereby certify that I have read and understand FLIR's Code of Ethical Conduct (the "Code"). I will comply with the policies set forth in the Code in all respects. I acknowledge that it is also my responsibility to ensure that those reporting to me comply with the Code.

I understand and agree that my continuing compliance with the Code and Company policies is a specific condition of my employment with FLIR. I am aware that my participation in any conduct that violates the Code will subject me to disciplinary action, including dismissal. I am not aware of any actions by me or by any other employee or person associated with FLIR that has violated the Code.

If I have any question regarding the Code as it applies to any business activity in which I am engaged or of which I become aware, I will consult with an appropriate supervisor or FLIR's Legal Department.

Signature: _____

Print Name: _____

Date: _____

PLEASE sign and cut this page along dotted line and return to HR Department

