FLIR SYSTEMS AB

SUSTAINABILITY REPORT

FOR FISCAL YEAR 2019

FLIR®

The World's Sixth Sense™

Our products can help to improve the environment

"FLIR's vision is to use innovative technology to contribute to a more sustainable, efficient, and safe future. The ability of our products to have a positive impact on the environment, for example by detecting gases that are harmful to the environment or energy leakage, makes it easy to be proud of what we do. A current example of how our business contributes to a safer and more sustainable society is the use of thermal imaging cameras to detect elevated skin temperature. In this respect, our technology is part of the work being done to reduce the spread of virus and, by extension, may help to save lives.

A lot of activities are also carried out at our site in Täby, Sweden, to reduce our climate footprint and to provide a healthy and sustainable working environment for our employees. I'm delighted to be able to present a comprehensive overview of our activities in this Sustainability Report."

/Rickard Lindvall,
General Manager of FLIR SYSTEMS AB

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Images from FLIR Systems in Täby.

Our Business Model

FLIR Systems AB develops and manufactures products incorporating infrared sensors, as well as software and apps, for an ever-increasing number of sectors and end uses. These products, from consumer products to border security cameras, are manufactured in our own factories in Täby and Tallinn, but also in other countries in some cases. Production itself consists largely of advanced assembly work, but we also have a world-class complete lens production facility in Täby where we manufacture our own lenses. Our products are sold through a variety of different channels, from customer-specific development and production contracts to online and catalogue distribution.

FLIR Systems AB is a subsidiary of FLIR Systems Inc, which is headquartered in the USA. At the same time, Täby is one of the largest FLIR sites in terms of the number of people it employs — approximately 550 of FLIR's 5,000 employees and consultants are based here.

At FLIR we develop and produce products for two business units: the Industrial Business Unit (IBU) and Government & Defense. The IBU's Solutions division is managed from Täby. Also based here are FLIR's largest development operation covering both product development and more research-based activities, a large production unit for final assembly of cameras, and an advanced manufacturing facility for optical elements. Customer and market-focused operations are also based in Täby, together with support functions such as export control, service and support, quality, HR, IT, and finance. The large building that facilitates all of this also needs ongoing maintenance.

Flows of goods and people come into and out of the building every day. Many travel by car, but there is a station nearby served by the Roslagsbanan railway. A public transport hub is also being built in Arninge, which will make it even easier for our employees to commute.

Just under 40% (in value) of the goods transported to our production facility come from Sweden. Approximately 20% come from Asia, primarily China. We supply products to 115 different countries from the Täby facility. Products are shipped to customers outside Europe by air or sea.

Many of our employees have been with us a long time, but reflecting our continued growth we have employees of different ages. Our complex, international operations require high levels of expertise, and FLIR has therefore systematically put in place skills development programs in recent years. We also have close ties with many schools, from elementary schools to universities.

FLIR Systems AB is ISO 9001:2015 certified and also holds environmental certification under ISO 14001:2015. We design and manufacture products to meet the most exacting standards, such as those required by EASA (European Aviation Safety Agency), ATEX (European rules for explosive atmospheres) or our military customers. For other products the challenge lies in supplying large volumes to the consumer market.

We are also a training company. Our Infrared Training Center (ITC) has trained several generations of certified thermographers. ■
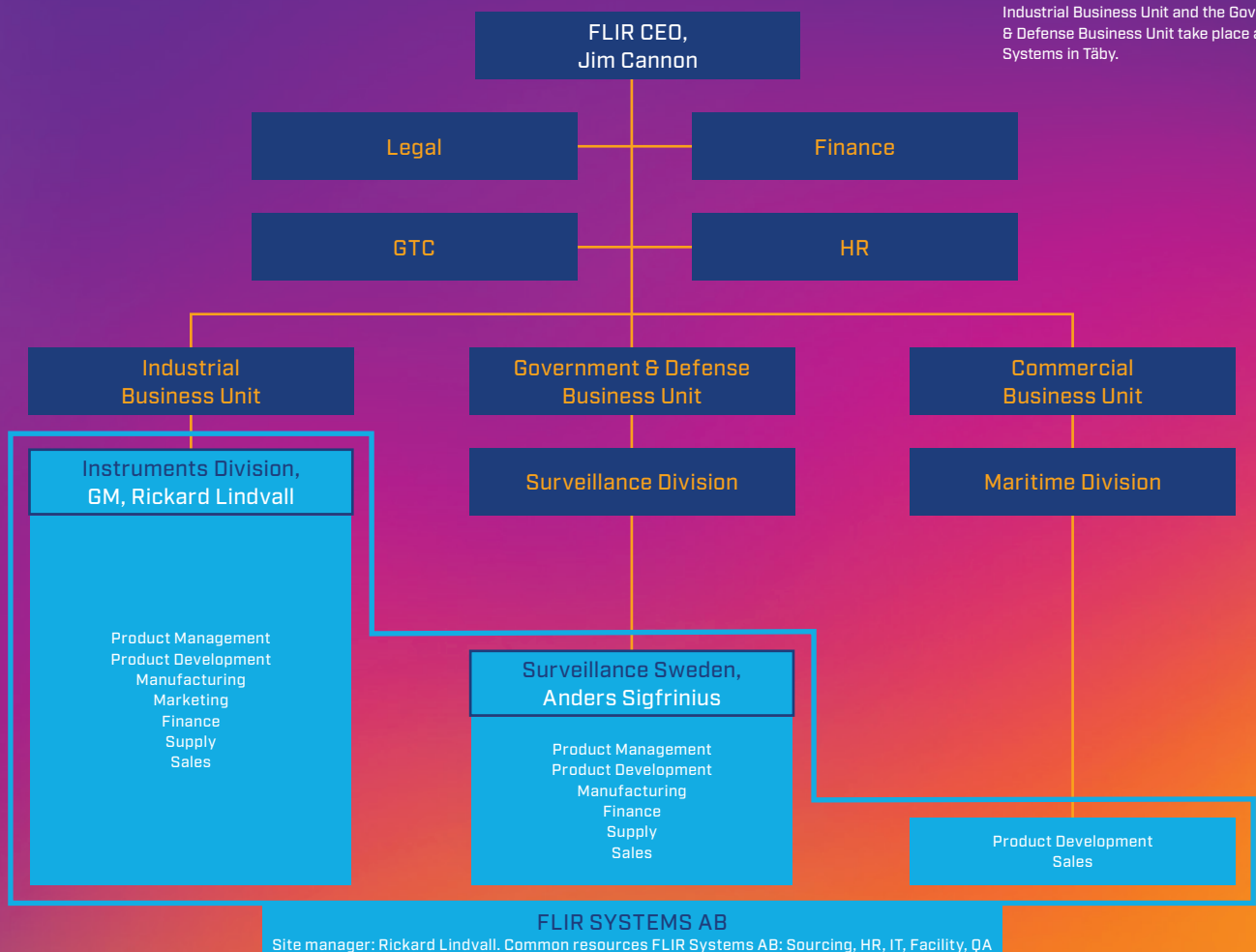
FLIR SYSTEMS AB IS A MEMBER OF THE FOLLOWING ORGANIZATIONS:

SD Association

AIA Vision Online

MIPI Alliance

Bluetooth SIG

VESA

MPEG-LA

Wi-Fi Alliance

Teknikföretagen (Association of Swedish Engineering Industries)

Svenskt Näringsliv (Confederation of Swedish Enterprise)

Swedish Quality Network, SQN

Fastighetsägarna (Swedish Property Federation)

Svenskt Monteringsforum (Swedish Assembly Forum)

QSIP Quantum Structure Infrared Photodetectors Conference

Sveriges exportkontrollförening (Swedish Export Control Society)

SOFF—Swedish Security and Defense Industry Association

THINGS—The Innovation Growhouse Stockholm AB

PhotonicSweden

SEK Svensk Elstandard

Innovation Pioneers

SBTA—Sveriges affärsreseförening AB (Swedish Business travel association)

Logistikföreningen PLAN

Stockholms Handelskammare (Stockholm Chamber of Commerce)

GBTA Global Business Travel Association

Big Science Sweden

KTH Innovative Center for Embedded Systems (ICES)

FLIR Systems AB—Governance structure

The graphic shows the governance structure in place for the fiscal year 2019. There was a change on April 1, 2020, with the former Commercial Business Unit being incorporated within Industrial. Operations under both the Industrial Business Unit and the Government & Defense Business Unit take place at FLIR Systems in Täby.

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                    FLIR CEO,
                    Jim Cannon

        Legal                      Finance

        GTC                        HR


  Industrial          Government & Defense        Commercial
  Business Unit        Business Unit              Business Unit

  Instruments Division,  Surveillance Division    Maritime Division
  GM, Rickard Lindvall


  Product Management
  Product Development
  Manufacturing          Surveillance Sweden,
  Marketing              Anders Sigfrinius
  Finance
  Supply                 Product Management
  Sales                  Product Development
                         Manufacturing
                         Finance
                         Supply                   Product Development
                         Sales                    Sales
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FLIR SYSTEMS AB
Site manager: Rickard Lindvall. Common resources FLIR Systems AB: Sourcing, HR, IT, Facility, QA

Our Stakeholders

We comply with national and international rules and regulations

· Certification bodies
· Authorities in Sweden and other countries

· Direct customers
· Distributors
· End users
· Suppliers

We are part of a supply chain for both requirements and physical material

· Universities
· External partnerships (e.g. IGEday, Vetenskapens Hus)
· Industry organizations and network forums

We rely on collaborations within the technological field

· Employees
· Prospective employees
· Trade union organizations

Our employees are our most important resource

· FLIR Corporate
· Shareholders

We are a part of FLIR

The chart shows some of the stakeholders with great impact on FLIR Systems AB and equally those stakeholders who are most impacted by our operations.

FLIR SYSTEMS AB, PRODUCTS AND TRADEMARKS*

PRIMARY BRANDS	PRODUCTS
FLIR	FLIR T10xx series
FLIR	FLIR T8xx series
FLIR	FLIR T6xx series
FLIR	FLIR T5xx series
FLIR	FLIR Exx series
FLIR	FLIR Ex series
FLIR	FLIR GFxxx series
FLIR	FLIR GF7x series
FLIR	FLIR Kxx series
FLIR	FLIR Kx series
FLIR	FLIR A3xx series
FLIR	FLIR A6xx series
FLIR	FLIR Ax5 series
FLIR	FLIR Ax series
FLIR	FLIR Cx series
FLIR	FLIR TGxxx series
FLIR	FLIR ETS3xx series
FLIR	FLIR InSite
FLIR	FLIR Thermal Studio
FLIR	FLIR Tools
FLIR	FLIR Mobile SDK
FLIROne	FLIR One series
ThermoVision	ThermoVision CM
ThermoVision	ThermoVision EFD

PRIMARY BRANDS	PRODUCTS
Seapilot	Seapilot
UltraFORCE	UltraFORCE 350-HD
UltraFORCE	UltraFORCE 350-EP
UltraFORCE	UltraFORCE 275-HD
Corona	Corona 350 II
Ranger	Ranger HRC series
Ranger	Ranger HRC MS series
Ranger	Ranger HDC series
Ranger	Ranger HDC MS series
Ranger	Ranger HDC MR series
ThermoVision	THV3000 series
ThermoVision	ThermoVision DV55 series
ThermoVision	ThermoVision SA90 series
ThermoVision	ThermoVision VAC
ThermoSight	ThermoSight RWSS series
ThermoSight	ThermoSight BORC
ThermoSight	ThermoSight NGOU
ThermoSight	ThermoSight LIRC series
ThermoSight	ThermoSight C2-10 (C2/10)
ThermoSight	ThermoSight V4000 series

*Trademarks and product names for products developed or manufactured by FLIR Systems AB.

Products that Make a Difference

In 2016, FLIR conducted a study on how its different processes impact the environment. The results were assessed in relation to Sweden's national environmental objectives. Based on the assessment we identified a group of environmental aspects with higher impact than others. These significant environmental aspects are how our products reduce gas and energy leakage, transport of goods, waste, business travel, handling of chemicals, and facility energy consumption.

Täby and Tallinn are both environmentally certified in accordance with ISO 14001.

Products with a positive impact

The largest environmental impact our business has is a positive one, when our customers use our products to detect heat losses or energy or greenhouse gas leakages, and then fix the faults they have detected. With our products, our customers can reduce leakages in all of their installations.

Through our customers we can make environment-related improvements on a much larger scale than if we were limited to our own facility only. The positive environmental work is also fully in line with all of our other activities, as our business goal is to develop and make effective tools for our customers.

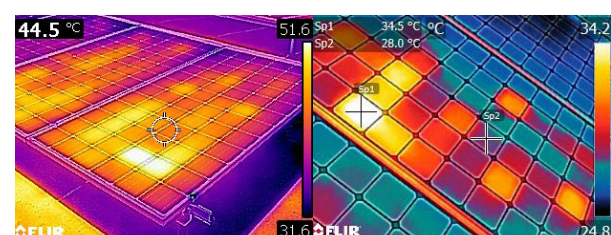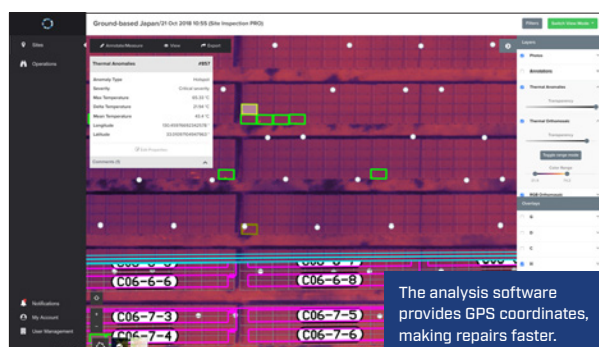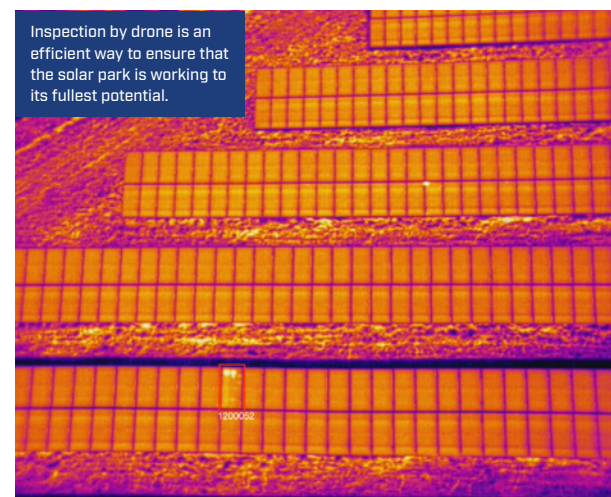## Inspecting solar parks with the help of drones

As part of the transition to renewable energy, more and more solar parks are being established around the world. For the process to generate as much power as possible, all components of the system must function optimally.

Therefore, a solar park needs to be inspected several times a year to find faults that may need to be rectified, such as damaged modules or faulty wiring and fuses. Such an inspection can be time consuming if it is to be done from the ground.

The US company DroneBase and FLIR entered into a partnership in 2019 which means that DroneBase can offer a solution where specially trained drone pilots carry out the inspection from the air with the help of a drone equipped with both a thermal camera and a regular video camera. The combination of thermal camera and video camera complement each other as the thermal camera can detect overheating that may be due to electrical faults in the system and the standard camera shows if a panel has been covered in debris, such as soiling from birds.

In addition to the drone inspection being both faster and safer, DroneBase's solution also offers a full suite analytics platform providing comprehensive inspection reports with GPS coordinates that clearly show where in the solar cell the fault is so that it is easy to repair.

Inspecting solar parks with the help of drones and thermal cameras is starting to become an increasingly established method that ensures that the parks can deliver as much renewable energy as possible.

Inspection by drone is an efficient way to ensure that the solar park is working to its fullest potential.

The analysis software provides GPS coordinates, making repairs faster.

"A fixed mounted camera like a GF77a can detect a leak when it first occurs. Finding a large leak early can make a huge difference to the environment."

/Didrik Skiöldebrand,
OGI Product Manager

Gas detection cameras

Our gas detection cameras (Optical Gas Imaging, OGI) can detect—in real time— leaks of environmentally hazardous gases such as methane, sulfur hexafluoride, carbon dioxide (CO_2), carbon monoxide, and other refrigerants.

The cameras help our customers to significantly reduce the amounts of environmentally harmful gases that would otherwise be released into the atmosphere.

Aggressive greenhouse gas

Methane, found in the natural gas and oil industry, is an aggressive greenhouse gas, roughly 25 times more potent than CO_2. From a climate perspective, burning natural gas is a better alternative to burning fossil fuels like oil and coal, but leaks from production and distribution must be detected and fixed to ensure that as little methane as possible is released into the atmosphere.

Continuous monitoring

Rules and regulations in the natural gas and oil industries require continuous inspection of plants and equipment. This is often done using our advanced hand-held OGI cameras, which are capable of detecting extremely small leaks. But there is also a demand for inspections by fixed mounted cameras. Our new camera for methane gas detection, the FLIR GF77a, has been designed for continuous measurement and has an uncooled sensor, making the camera robust and operationally reliable, while keeping the price down.

A camera without detector cooling, however, is less sensitive than a cooled camera, and cannot detect small leaks. Its advantage lies instead in alerting personnel to larger methane gas leaks as soon as they happen.

Quantifying gas leaks

To complement our OGI cameras, we now also offer a technology to determine the size of the leak. Our new product, FLIR QL320, is used to quantify a gas leak so that the right measures can be taken as quickly as possible.

PREDICTED ENVIRONMENTAL BENEFITS

REDUCTION IN EMISSIONS (OF METHANE) BY USING OPTICAL GAS IMAGING (OGI), PER YEAR

Leaks found per year and per camera	70
Average emission per leak* (g/h)	200 g/h
Duration of emissions (% of year)	80%
% of found leaks fixed (%)	75%
Methane content in leaks fixed (%)	65%
Total fixed emission (kg/year)	103,017,600 kg/year
CO_2 equivalent for methane (times)	25 times
Total methane gas leaks fixed as CO_2 equivalent (kg)	1,674,036 tonnes

COMPARISON

Methane gas emissions in Sweden as CO_2 equivalent (kg), 2015**	4,872,000 tonnes
Proportion of methane gas emissions fixed per year compared with Sweden's total methane gas emissions	34.4%
Sweden's total emissions of CO_2 equivalent (all gases)	52,900,000 tonnes

ENERGY SAVINGS BY USING ELECTRICAL OR BUILDING INSPECTION CAMERAS, PER YEAR

Number of faults found per year and per camera	15
Average W loss per fault (W)	100 W
Duration of fault during a year (% of full year)	25%
Total amount of energy loss from all found faults per year (kWh)	492,750,000 kWh
Part of faults found actually corrected (%)	50%
Total energy savings from found and corrected faults (kWh)	246,375,000 kWh/year

COMPARISON

Energy consumption for average house per year***	25,000 kWh
Number of houses per year that could be heated using energy saved	9,855

*Comment: Large leaks make the biggest contribution. User Report, 2018
**Swedish Environmental Protection Agency, National Inventory Report Sweden 2017
***www.energiradgivaren.se

Materials and Substances

Materials in our products

Our products are complex in terms of the materials they contain. They incorporate electronic and mechanical parts, and are often supplied together with accessories such as cases, chargers, and cables, which are made of materials covered by different rules and regulations. The most important of these are RoHS for electronic products, REACH, which applies to all products, and California Proposition 65. All of these rules are updated periodically. As an example, new substances are added to the European REACH Directive twice a year.

We have several different ways of managing the requirements arising from these various rules and regulations. In some cases we test materials in the lab, for example for softeners in plastics and rubber materials, which are listed under all three regulations. We also ask our suppliers what their procedures are in this area, and impose requirements on competence and processes. We also have dialog with other FLIR companies and local authorities, such as the Swedish Chemicals Agency.

This agency included our company in a pilot project in 2019, looking at how a number of larger Swedish manufacturers comply with EU rules. At FLIR, the results of the pilot inspection confirmed that our way of working is in line with the regulations.

Waste

Different types of waste are monitored in cooperation with our recycling contractor. In 2019 we generated 43,260 kg of combustible waste, 1,559 kg of chemical waste, and 5,762 kg of electronic waste.

Computer refurbishment

The idea of having the company's decommissioned computers refurbished, has been around in the IT department for quite some time. The department was given the green light in 2019 to start working with a company that takes in and refits used computers to offer them for resale on the refurbished market.

It is the responsibility of the IT department to provide and maintain our employees' computers, and a major project for renewing the computer fleet globally was underway in 2019.

"It felt bad to simply discard fully functioning computers," says Daniel Redbjörk, Manager IT Operations, and one of the driving forces behind the initiative. "The new solution will give us detailed reports on the amount of carbon dioxide emissions we're saving, but also improved reporting on the hardware leaving FLIR."

Extending the service life of our computers therefore helps to reduce FLIR's climate footprint, but irrespective of the environmental benefits, IT also has to take our internal security requirements into account.

FLIR has strict requirements in place for ensuring that no company-critical data leaves the premises and risks falling into the wrong hands. Currently, the IT department removes all hard drives, which are then sent to be destroyed, while sending the rest of the computer to be refurbished.

"As a next step we hope to be able to use the same method for destroying data on hard drives as the Swedish Defence Materiel Administration and NATO, so that these can be refurbished too," Daniel concludes.
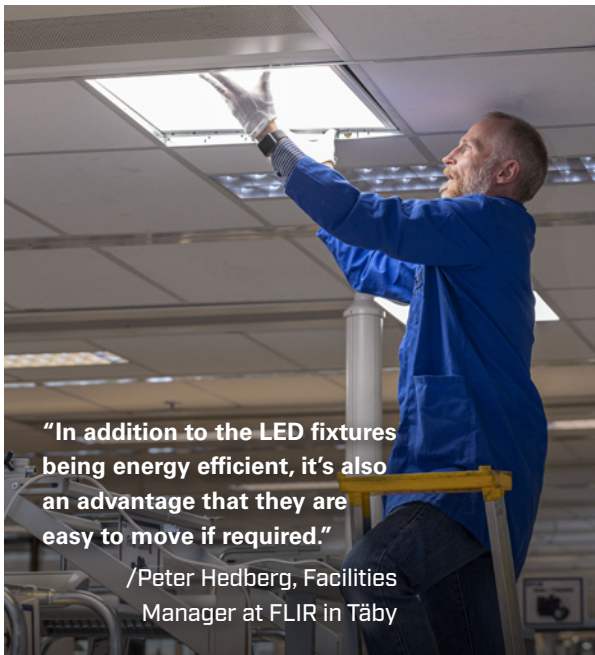

Decommissioned computers on their way for shipping. From the left: Karin Aasma, Nikos Ioannidis and Erik Grönnå from the FLIR IT department.

Erik Grönnå in the FLIR IT department packing computers to be sent for refurbishing.

Energy and Emissions

> "In addition to the LED fixtures being energy efficient, it's also an advantage that they are easy to move if required."
>
> /Peter Hedberg, Facilities Manager at FLIR in Täby

Switch to LED

In 2019 we started a transition to more energy-efficient LED fixtures, together with an evaluation to find the ceiling lights that both save energy and provide good light.

Our premises have more than 2,400 light sources, and some are located so high up that you need a scissor lift to change them. So, it's important for the LED fixtures to have a long service life.

At the time of writing, a test is underway in our production department, where good light is essential, and 24 LED panels have been installed for evaluation. So far, the test has proved successful. Employees have found the light to be better, and this has also been confirmed by measurements.

As per their specification, the new LED fixtures are around 50–80% more energy efficient than the old ones, and have an expected service life of a huge 50,000 hours.

Transportation

We deliver our cameras by air, which equates to around 20 million km flown or 3,500 tonnes of CO_2 every year.

We also receive deliveries of materials to our own factory from all over the world. Our operations are not restricted to Täby. FLIR is represented in many different countries, where our colleagues carry out valuable sales work.

FLIR is working hard to reduce the amount of business travel, and has installed dedicated telepresence rooms for video-conferencing. However, many management meetings are held outside of Sweden, and there is considerable value in meeting face to face, in order to build trust and relationships.

Charging stations are available in our parking lot for charging electric vehicles and plug-in hybrids.

Energy for our premises

The facilities department is working systematically to reduce energy consumption in our premises. The building is heated and cooled using geothermal energy, topped up with bio-oil when necessary. There were some interruptions in the geothermal heating system in 2019, which made our oil consumption higher than usual at 38,250 liters, resulting in 0.38 tonnes CO_2e. The geothermal and bio-oil plant at FLIR is managed by an external supplier. However, only 45% of the total consumption is managed by the facilities team (heating and ventilation). The rest of our energy consumption is managed by us all: for example, our computers, lighting, and our production plant.

Our electricity consumption generates approximately 0.22 tonne CO_2e each year.

A Healthy Working Environment

Providing a safe and healthy working environment for our employees is a responsibility for us as a company. And, it is not just the physical environment that affects the working climate. We have several initiatives aiming for a workplace with good development opportunities and a positive company culture.

The Flirometer

Every year since 2005 a confidential employee survey has been conducted to monitor how our employees rate their working conditions, working environment and leadership as well as their ability to do a good job.

Managers use the survey as a tool for working with their teams, monitoring trends, and ensuring the ability to perform, since a strong and healthy performance culture leads to better results and a high level of engagement among employees.

BE FLIR

During 2019 we continued our work with implementing the BE FLIR values: BE Ready, BE Ambitious, BE Bold, and BE Brave. The work surrounding these values is of great strategic importance, because employees should be able to identify with our values, not only with our products and services.

As a next step in our value-related work, additional BE FLIR ambassadors were appointed in 2019 and the role of "BE FLIR Champions" was created to further encourage activities to establish our values.

Value-related work takes place on many different levels and it's important that our managers lead by example, grounded on our values.

Around 50 managers and employees in Sweden participated in a leadership training in 2019 on "transformative leadership." Transformative leadership is based on leaders plotting a clear course, inspiring their employees and at the same time encouraging them to lead and change their own work. Such an approach can successfully create the right conditions for improved performance and job satisfaction.

ETHICAL PRINCIPLES —CODE OF CONDUCT

- **Honesty:** We will be truthful in all 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 applicable laws and regulations of all countries and jurisdictions in which we are present and/or do business.

OUR EXTERNAL INITIATIVES

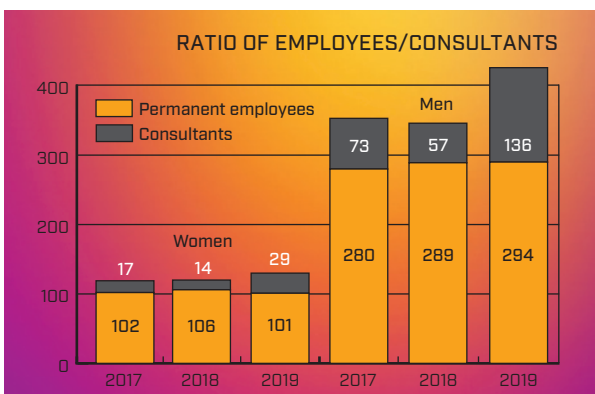| INITIATIVE/ORGANIZATION	COLLABORATING SINCE…	STAKEHOLDERS
IGEday/Womengineer	2015	Schools, employees
Vetenskapens Hus, science education center	2017	Schools, employees
Tekniksprånget, engineering internship program	2016	Schools, employees
First Lego League	2014	Vallatorp School, employees
IK Frej, sports club	2015	Täby municipality, employees
Täby artificial snow track	2018	Täby municipality, employees
Stafesten, relay race	2017	Employees

Padel — a social and accessible sport
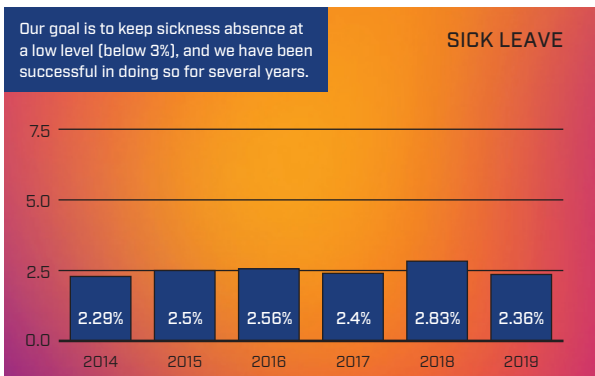
It all started when a group of friends from FLIR were curious about the new sport known as "padel" and started to play.

"We were really happy about the FLIR sports club deciding to sponsor us. This made it possible to expand and book more time on the courts." explains Nathaniel Guter, who runs the padel team together with Linus Green.

The team has been up and running for just over a year and, at the time of writing, there are 15 people who actively play. But there are many people within the company who have expressed their interest, so Nathaniel and Linus hope there'll soon be more. If you haven't played before, they're more than happy to help you get started.

"It's a sport that is easy to pick up," Linus explains. Even if you're not in very good shape or don't have much experience with racket sports you can still have a decent game. What's important is that everyone playing is at a similar level.

This makes padel a social sport. You play in teams of two so there are lots of opportunities to talk on the court. The padel team is also attracting employees from many different parts of the company, so it's a great way to get to know colleagues from other departments.

"At first we were just a group of friends who started playing. Now we've become a new group of friends, all of us in the padel team," Nathaniel concludes.

SICK LEAVE

Our goal is to keep sickness absence at a low level (below 3%), and we have been successful in doing so for several years.

Year	Sick Leave
2014	2.29%
2015	2.5%
2016	2.56%
2017	2.4%
2018	2.83%
2019	2.36%

COMMENT ON THE CHART BELOW: Incoming orders rose significantly in late 2019 and production needed to be reinforced with consultants. Several of these consulting assignments were converted into permanent positions at the start of 2020.

RATIO OF EMPLOYEES/CONSULTANTS

Legend:
- Permanent employees
- Consultants

Women
Year	Permanent employees	Consultants
2017	102	17
2018	106	14
2019	101	29

Men
Year	Permanent employees	Consultants
2017	280	73
2018	289	57
2019	294	136

PEOPLE:
Our Employees

Skilled employees —today and tomorrow

To be able to achieve our goals and fulfill our vision as a company, our employees need the knowledge and skills to be able to do a good job—now and in the future. Our Competence Policy states that our objective is to have each and every employee working to improve their skills to ensure that their competence is relevant for both their present and coming tasks.

All employees have individual development goals, which are set and reviewed with the employee's line manager once a year—a good opportunity to plan for learning and development.

Our employees have access to a learning platform with flexible options for taking digital trainings, on everything from leadership to productivity and IT, including various certification courses.

Talent Pulse

Talent Pulse, a process introduced in 2018 that describes the way in which we develop our employees, became even more established in the company during 2019. A Talent Pulse forum is held once a quarter, attended by the management team and HR Business Partners.

The aim of the meeting is to review how we develop our employees to ensure that we have the right skills for our business needs, as well as succession planning for our key positions. The Talent Pulse forum also reviews the individual action plans created for employees who need training.

Professional development at FLIR

For the company to develop, we need to find employees who have the capacity to take on roles with more responsibility, and are prepared to do so. It's important to both retain and train these individuals. That's why we've developed two different professional development programs: FLIR University and Babson College. Nine Swedish employees took part in one of these programs in 2019.

EXTRACT FROM OUR COMPETENCE POLICY

All employees will have personal competence development goals which are linked to the strategic competence objectives of the business as well as to the demands of the employees' current position.

Our goal is for all employees to have access to individual competence training needed to carry out their work—and further professional development as permitted by, and as supports, the development of the business.
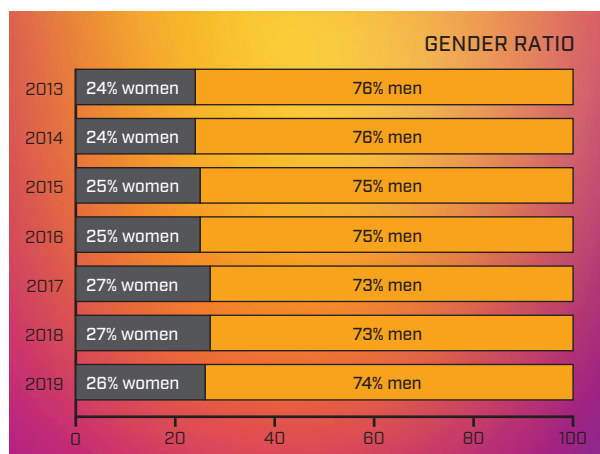
The responsibility for competence development is shared between employees and managers.

Sweden needs more engineers—of all genders

Sweden is experiencing a shortage of engineers. Against this background, we have chosen to support a number of activities and initiatives aimed at increasing young peoples' interest in science and technology. The hope is that these initiatives will increase the number of engineering students in the long term.

We also want to see more girls studying to be engineers, so we sponsor and take part in the Womengineer's IGEday initiative ("Introduce a Girl to Engineering Day"). On IGEday, technology companies across Sweden open up their doors to girls so that they can experience what it's like to be an engineer for a day. Similar initiatives are also encouraged by the CSR scheme FLIR for Good, organized by FLIR's head office.

We are also proactive in making FLIR known as an attractive employer.

GENDER RATIO

Year	Women	Men
2013	24% women	76% men
2014	24% women	76% men
2015	25% women	75% men
2016	25% women	75% men
2017	27% women	73% men
2018	27% women	73% men
2019	26% women	74% men

EXTRACT FROM OUR EQUAL TREATMENT POLICY

For FLIR, equal treatment means that each and every employee is of equal value and should be treated fairly, irrespective of gender or cultural differences.

By making use of and drawing on the different characteristics and experiences that men or women may have, we can create a stronger company and a workplace where everyone, irrespective of background, is provided with the best possible environment in which to be able to use their skills and talent.
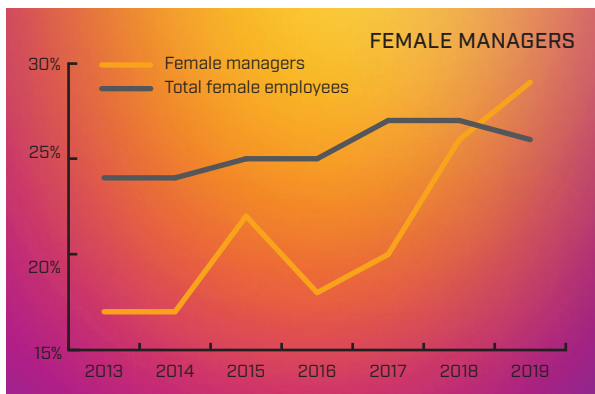
Same opportunities for everyone

In our Equal Treatment Policy we have outlined our approach to equal treatment. We cooperate with local trade union organizations and safety representatives regularly to ensure compliance with our ambitious goals. One objective is to increase the proportion of women in departments primarily staffed by men, and vice versa. We started working with "active measures" in 2019, in accordance with guidelines set out by the Swedish Equality Ombudsman. Active measures in this respect include a checklist for preventing discrimination on all grounds, and promoting equal rights and opportunities.

For FLIR, it's important to show appreciation for individual efforts that contribute to achieving established company goals. Our objective is that the compensation given for the work done is perceived as in line with the market norm and related to the requirements on their role and the results they have achieved.

The company is subject to collective agreements, and all permanent employments are full time unless the employee chooses to reduce their working hours.

FEMALE MANAGERS

Female managers
Total female employees

30%
25%
20%
15%
2013 2014 2015 2016 2017 2018 2019

"We organize IGEday because we are convinced that a tech industry with gender equality is a good thing for Sweden. Many of the participating girls do not know any engineers and have a limited understanding of the profession. During IGEday they can experience the profession for real—learning by doing. This year, we had the opportunity to offer 3,000 workplace visits throughout the country —which would not have been possible without our partners!"

/Isabella Broman, Womengineer

Graphics and text from IGEday 2019.
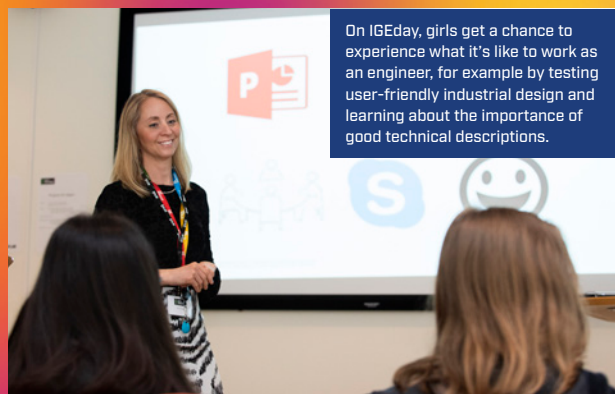
On IGEday, girls get a chance to experience what it's like to work as an engineer, for example by testing user-friendly industrial design and learning about the importance of good technical descriptions.

Our Suppliers

All our suppliers are reviewed systematically before we embark on any business relationship. They must also sign and comply with our FLIR Supplier Code of Conduct, which is based on the Fair Labor Association Workplace Code of Conduct and the Electronic Industry Citizenship Coalition Code of Conduct, before we start working together. This is to ensure as far as is possible that suppliers provide their employees with decent and humane working conditions.

Proximity to suppliers

Our suppliers are primarily located in Europe, North America, and Asia, and we review their operations on a regular basis. We hold business review meetings with our strategic suppliers once a quarter.

As part of our ISO14001 certification, our suppliers' environmental management processes are also checked under an ISO audit. This is to ensure that they comply with the ambition of the ISO 14001 standard for ongoing improvement work in relation to environmental management.

At our office in Taipei, Taiwan, sourcing colleagues work in close proximity with our Asian suppliers. Having colleagues present locally makes it easier to deal with any cultural differences or language barriers. It also helps us to monitor suppliers' compliance with our Supplier Code of Conduct, as well as with the applicable laws.

EXTRACT FROM THE FLIR SUPPLIER CODE OF CONDUCT

Suppliers are expected to maintain fundamental labor and human rights standards as described below. These standards embody those embraced by the Fair Labor Association Workplace Code of Conduct and the Electronic Industry Citizenship Coalition Code of Conduct. All references to local law include regulations implemented in accordance with applicable local law:
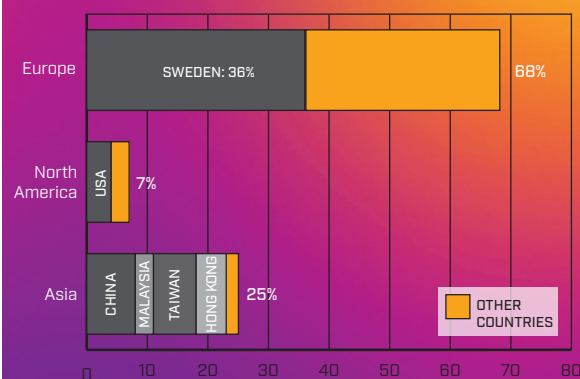
The FLIR Supplier Code of Conduct also outlines the requirements we place on our suppliers, in the following areas among others:

- **Labor:** No forced labor, no child labor, no harassment or abuse, hours of work, non-discrimination, freedom of association and collective bar gaining, wages and benefits, overtime compensation

- **Health and Safety:** Environmental permits and reporting, pollution prevention and resource reduction, hazardous substances, wastewater and solid waste, air emissions, product content restrictions, security requirements, physical security, access controls, personnel security

ETHICSPOINT

FLIR has set up an online reporting system where employees and FLIR partners can get guidance and advice about our Code of Ethical Business Conduct in a confidential manner, or can report certain types of misconduct or noncompliance. The interactive online system is called EthicsPoint. Read more at www.flir.ethicspoint.com.

SUPPLIERS, VOLUMES, TÄBY AND TALLINN

Europe — SWEDEN: 36% — 68%
North America — USA — 7%
Asia — CHINA, MALAYSIA, TAIWAN, HONG KONG — 25%
OTHER COUNTRIES

0 10 20 30 40 50 60 70 80

GTC is about doing the right thing

Global Trade Compliance is to comply with laws and regulations that determine how to do international business, i.e. business between countries. You must know *what* is being shipped, *where* the product goes and to *whom*, as well as *why* the recipient wants our product.

– It's simply about doing the right thing, says Helena Ringström, Trade Compliance Site Leader, at FLIR in Täby.

Doing the right thing, for our Global Trade Compliance department, means that we follow all the rules that govern to whom and for what purpose we can export our technology so that it does not fall into the wrong hands.

Export control legislation from EU, USA and Sweden governs how our products can be sold, that is: what product, to whom, where and for what end use. Before our products can be sent to customers, all necessary information must be in place for an export license to be issued by our colleagues in GTC's licensing department.

– For example, before we can approve an export, we need to obtain an end-user certificate in which the party who will finally use our products describes what to use the equipment for and also certifies the intended end use of the product, describes Katarina Bowald, License Manager at FLIR Systems AB.

Sanctions shall, inter alia, promote human rights

In addition to the required control of our buyers of more advanced dual-use or military-classified products, further consideration is needed when it comes to countries where the UN and national governmental authorities have issued specific sanctions. Imposing sanctions on a country is a tool used by many governments (e.g. the UN, the EU and the US) to, among other things, put pressure on countries where human rights are not respected. The expected compliance to these sanctions is a way to influence sanctioned states to change their actions. Other reasons to why sanctions are imposed are for countering terrorism, preventing the use and development of chemical weapons, and preventing the repression of the sanctioned country's own population.

The UN Security Council makes decisions on imposing UN sanctions for a country and UN member states are obliged under international law to implement the measures. Today there are some 30 countries in the UN sanctions list, but it is a changing list of countries that are both added and removed continuously.

GTC's work in this context is therefore about ensuring that our products do not end up in any of the countries against which sanctions have been issued.

At the same time, we as a company also have a responsibility to protect the company's interests. If we misbehave and violate the rules it could have disastrous consequences for FLIR—financially, legally and for our reputation as a serious company.

– There's a quote from investor Warren Buffett: "It takes 20 years to build a reputation and five minutes to ruin it. If you think about it, you'll do things differently". Quite some food for thought in that statement, says Katarina Bowald.

The entire company obviously has a responsibility to ensure that our business is handled properly, but the final decision comes from GTC and it is easy to link our value: "Be Brave" to GTC and their work. "We do the right thing, even when it's hard and when no one is watching, for the benefit of our customers, employees, and shareholders. We pride ourselves on Integrity."

What, where, to whom and for what purpose? GTC makes sure that we follow applicable rules and regulations. To the left: Helena Ringström, Trade Compliance Site Leader and to the right: Katarina Bowald, License Manager.

Our Anti-corruption Procedures

FLIR's legal department outlines our anti-corruption work:
FLIR Systems, Inc. and its affiliates ("FLIR") conducts business all over the world. As such, FLIR is subject to legal requirements in various jurisdictions. FLIR is committed to acting with integrity and conducting business according to the highest levels of ethical conduct and compliance with laws. Our products are offered to both government and commercial customers, and are selected based on quality, functionality, operability, and price. We do not seek any improper influences while conducting our business, and expect the same standards from partners operating on our behalf. FLIR has established certain policies and procedures to ensure these compliance standards are maintained both internally as well as with our partners.

As a company headquartered in the United States, FLIR is obligated to remain compliant with the US Foreign Corrupt Practices Act (FCPA). In addition to the FCPA, FLIR's operations require compliance with the UK Bribery Act as well as other local anti-corruption laws and statutes (together, "Anti-Corruption Laws"). All of our employees are expected to abide by Anti-Corruption Laws. By conducting business with FLIR, our partners are also required to be familiar with, and adhere to, the requirements of the FCPA as well as any other applicable Anti-Corruption Laws.

FLIR has established compliance policies to assist our employees and partners adhere to Anti-Corruption Laws. Applicable policies include FLIR's Code of Ethical Business Conduct, the Gifts, Entertainment and Hospitality Policy, the Global Anti-Corruption Compliance Policy, the Third Party Engagement Policy, and the Travel Hosting Guidelines Policy. In addition, FLIR undertakes a review of our partners to determine the capabilities of such partner to properly represent FLIR in accordance with our standards and requirements. Part of these efforts involves a diligence review of our partners in advance of any business relationship. FLIR also undertakes periodic diligence updates of our partners throughout the term of the relationship.

EXTRACT FROM THE GLOBAL ANTI-CORRUPTION COMPLIANCE POLICY

FLIR will conduct its operations so as to comply with the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and all other applicable anti-corruption legislation.

This Policy applies to all our contact with customers, cooperation partners, marketing representatives, consultants, and anyone else you come into contact with while working for FLIR, anywhere in the world.

FLIR also undertakes to provide its best assurances that its sales representatives, resellers, distributors, agents, consultants, third parties, and other cooperation partners and suppliers meet the same high legal and ethical standards as FLIR in their business relationships. Third parties working under contract for FLIR (including all our cooperation partners and suppliers) are expected to follow the principles of this Policy.

COMPLETION RATE
% of completes

Harrassment Free Workplace	94
Understanding Export Controls: EAR	97
ITAR—Export Controls	96
Ethics and Compliance Program	92
Understanding Foreign Corrupt Practices Act	94
Trade Secrets	94
Antiboycott: How to Handle Boycott Requests	89
Anti-bribery: The Corruption Files	89
Social Responsibility	92

0   20   40   60   80   100%

"Broader risk management program"

"We are a very complicated business. We operate in over 90 locations which we have built up over a number of years with many different acquisitions. This creates a complex footprint. It builds fantastic products, but the sheer number of offices we have does make it harder for management to oversee from the insurance perspective, and to support. FLIR is a small large company—but that is what makes it really interesting.

I am the VP for Internal Audit for FLIR globally, with responsibility for providing assurance that FLIR is managing its various business, financial and compliance risks effectively. We are developing a broader risk management program, where we identify our key risk factors. The program reports to the FLIR Board, which has obligations to manage key business risks — this means not only the identification of key risks, but also testing if what we say is what we do.

Annual audit plan

We have an annual audit plan that is approved by the board—in very much the same way you have your internal audits in Sweden. At each audit we look into various risks, and anticorruption is one of the key risks. The legal department has done a great deal to improve our compliance, and the various reviews performed by Internal Audit help to measure how effective we are in complying with these requirements. BE BRAVE is one of FLIR's four core values and described as: *We do the right thing, even when it's hard and when no one is watching, to the benefit of our customers, employees, and shareholders. We pride ourselves on Integrity.* Being ethical in our daily decision-making is imperative and there is nothing more important—not usually, but always.

It is about cooperation

Anticorruption: It is about working collaboratively with the business and law department. We in Internal Audit do not operate in isolation. The key point is to reach out. We report quarterly to the audit committee. As we operate in global locations, we have third parties that operate on our behalf. We often have to demonstrate that we have the right framework in place, that we have a review process which shows that suitable controls are in place."

/Iain Fulton, VP Internal Audit

SUMMARY OF EICC CODE OF CONDUCT

The Electronic Industry Citizenship Coalition Code of Conduct establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

EXTRACT FROM THE FLA WORK-PLACE CODE OF CONDUCT

The Fair Labor Association Workplace Code of Conduct defines labor standards that aim to achieve decent and humane working conditions. The Code's standards are based on International Labor Organization standards and internationally accepted good labor practices.

BE BRAVE

We do the right thing, even when it's hard and when no one is watching, to the benefit of our customers, employees, and shareholders. We pride ourselves on Integrity.

GRI Index

FLIR Systems AB reports its sustainability work in accordance with the GRI (Global Reporting Index) Standard, Core option. The sustainability report accompanies our financial report, which is presented each year for the reporting period January to December. The starting point for the report is to provide a comprehensive overview of FLIR Systems

AB's activities and to describe how the company addresses sustainability issues over the year. The table below shows the disclosures made. All reported GRI Standard modules relate to Version 2016. The report has been subjected to a limited assurance review by the project's steering group.

GRI REFERENCE		PAGE
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	3
102-2	Activities, brands, products, and services	5
102-3	Location of headquarters	3
102-4	Location of operations	3
102-5	Ownership and legal form	3, 4
102-6	Markets served	3
102-7	Scale of the organization	3
102-8	Information on employees and other workers	11
102-9	Supply chain	14
102-10	Significant changes to the organization and its supply chain	–
102-11	Precautionary Principle or approach	8
102-12	External initiatives	3
102-13	Membership of associations	4
STRATEGY		
102-14	Statement from senior decision-maker	2
102-15	Key impacts, risks, and opportunities	6, 15, 16, 17
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	10, 11, 13, 14
102-17	Mechanisms for advice and concerns about ethics	14
GOVERNANCE		
102-18	Governance structure	4
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	5
102-41	Collective bargaining agreements	13
102-42	Identifying and selecting stakeholders	5
102-43	Approach to stakeholder engagement	5
102-44	Key topics and concerns raised	–
REPORTING PRACTICE		
102-45	Entities included in the report	Annual report
102-46	Defining report content and topic boundaries	6
102-47	List of material topics	6
102-48	Restatements of information	N/A
102-49	Changes in reporting	4
102-50	Reporting period	Annual report
102-51	Date of most recent report	June 2019
102-52	Reporting cycle	January–December
102-53	Contact point for questions regarding the report	Cecilia Trojmar, Johan Zeno
102-54	Claims of reporting in accordance with the GRI Standards	–
102-55	GRI content index	18
102-56	External assurance	–
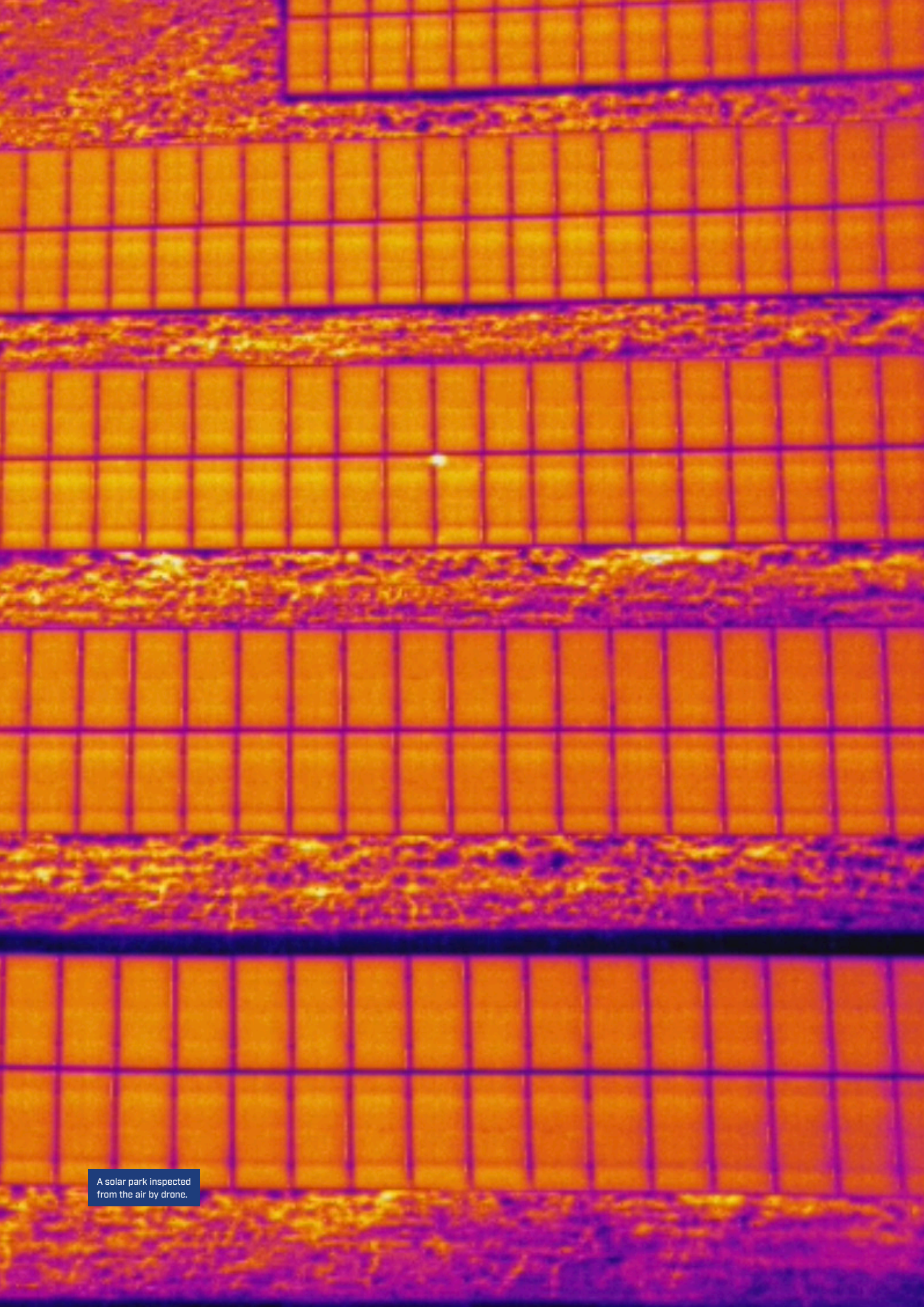
A solar park inspected from the air by drone.

About the Sustainability Report

The Swedish Annual Accounts Act has been updated and, as of 2018, larger companies in Sweden are required to submit a sustainability report containing non-financial information on issues concerning the environment, people, social conditions, respect for human rights, and anticorruption practices.

This requirement is based on EU Directive 2014/95/EU. FLIR Systems AB is regarded as a larger company in this respect, and must therefore provide an annual report. We have chosen to publish the sustainability report as a separate document. Many activities are under way in all the areas listed, sometimes a little overshadowed by other initiatives in the company; however, we are delighted and proud to have this opportunity to showcase what we are doing.

FLIR makes a difference

At FLIR Systems AB we develop IR technology and thermal cameras that improve—and even save—people's lives. By far the greatest (positive) impact of our operations on the environment comes from the environmental improvements that are made possible by our products. Our cameras can be used, for example, to detect heat losses and energy leakage, or to detect leaks of greenhouse gases.

And at our own site in Täby we strive for sustainability both in terms of the environment and by providing our employees a sustainable workplace.

Learn more at flir.com.

◆FLIR® | The World's Sixth Sense™