FLIR SYSTEMS AB

SUSTAINABILITY REPORT

FOR FISCAL YEAR 2020

$\diamond$ FLIR® | The World's Sixth Sense™

Our products help building a more sustainable future

"Through our innovative technologies we help to build a more sustainable, more efficient, and safer future. Our products have a positive impact on the environment, for example by detecting gases that are harmful to the environment, energy leakages in buildings, or hotspots that can turn into a fire threatening people, property, and the environment.

2020 was a very special year, but we are proud that our products could play a part in reducing the spread of virus by detecting elevated skin temperature, possibly a sign of COVID-19.

At our site in Täby we strive to improve our climate footprint, be it by choosing the right material for our products, installing energy-efficient lighting, or offering electrical vehicle charging points for our employees. The new voluntary Green Group is a great asset and initiator of many of these constant improvements.
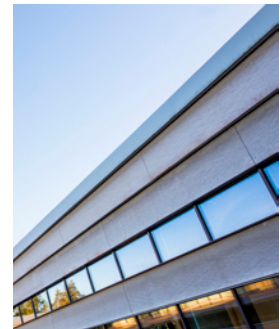
I'm happy to present a comprehensive overview of our activities in this sustainability report."

/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 catalog distribution.

FLIR Systems AB is a subsidiary of FLIR Systems Inc., which is headquartered in the U.S. At the same time, Täby is one of the largest FLIR sites in terms of the number of people it employs—approximately 530 of FLIR's 4,400 employees and consultants are based here.

At FLIR we develop and produce products for both of the technologies segments: Industrial and Defense. Solutions, the largest line of business, organized within the Industrial technologies segment, 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, human resources, 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 train 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.

Of the goods transported to our production facility, 75% (in value) comes from Europe. Approximately 16% comes 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 educational institutes, 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.
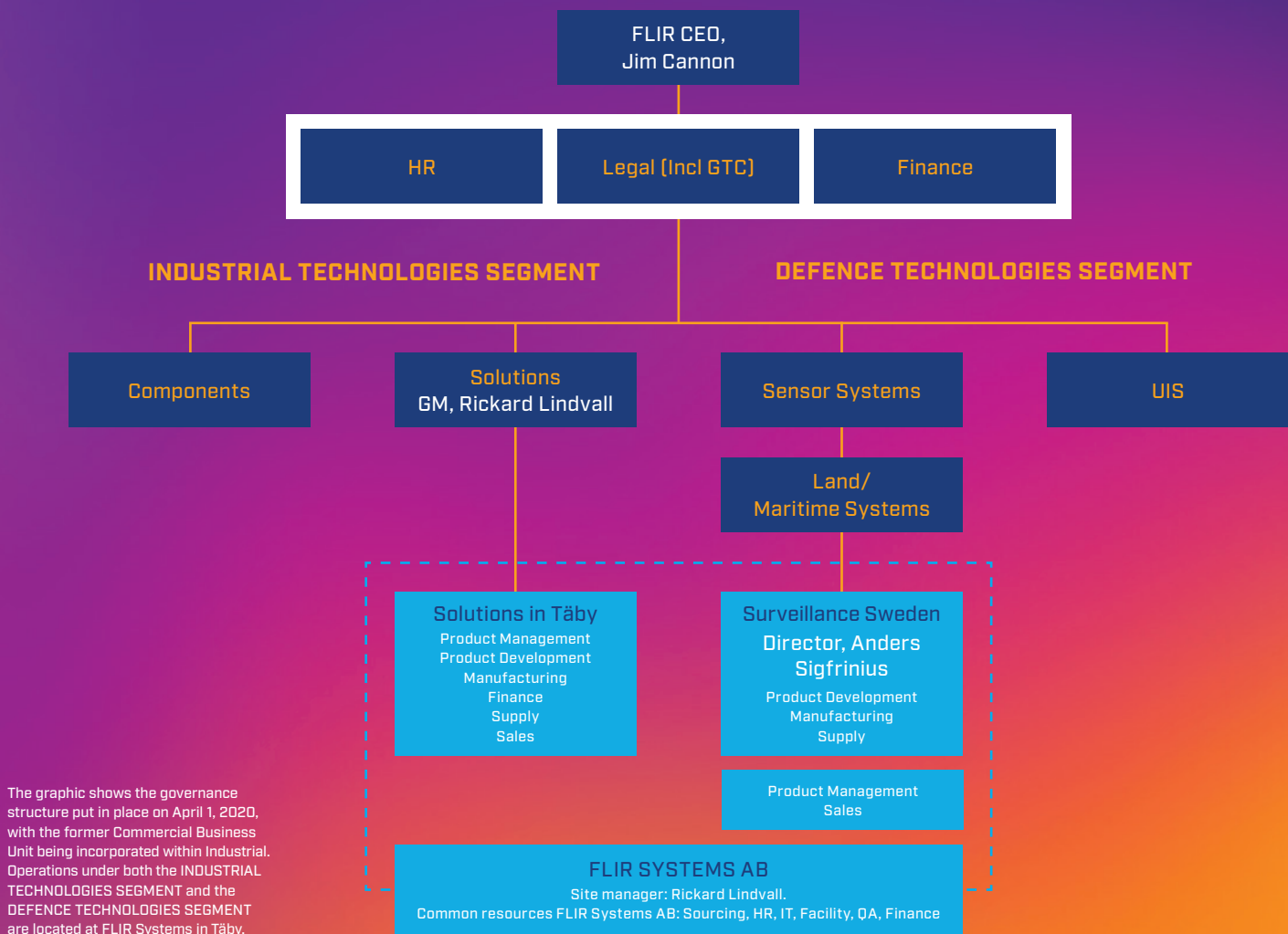
We are also a training company. Our Infrared Training Center (ITC) has trained several generations of certified thermographers. ∎

FLIR SYSTEMS AB IS A MEMBER OF THE FOLLOWING ORGANIZATIONS:

SD Association

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)

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—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)

The Swedish Fire Protection Association
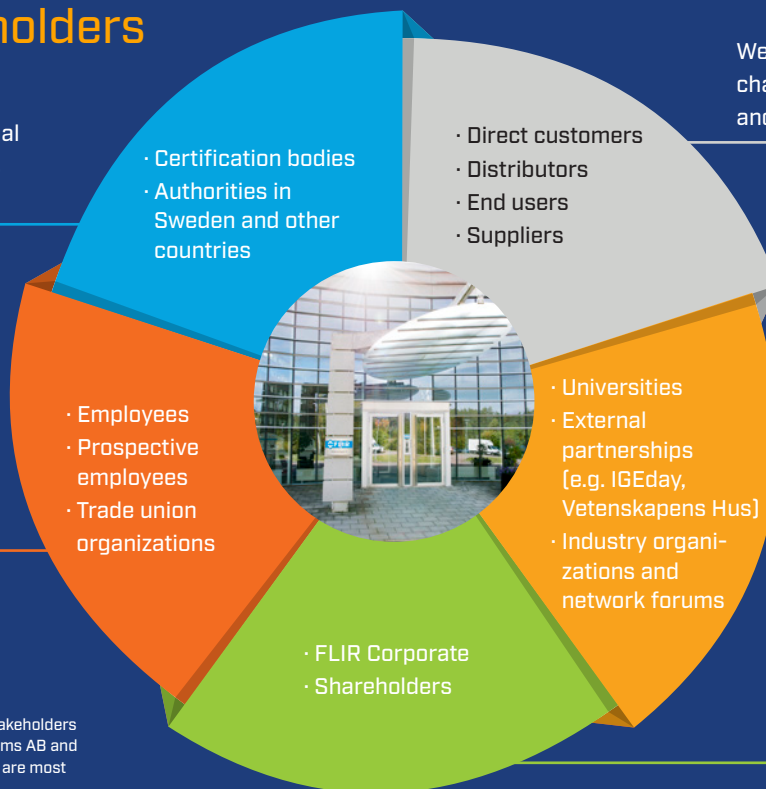
FLIR Systems AB—Governance structure

FLIR CEO,
Jim Cannon

HR | Legal (Incl GTC) | Finance

INDUSTRIAL TECHNOLOGIES SEGMENT

DEFENCE TECHNOLOGIES SEGMENT

Components

Solutions
GM, Rickard Lindvall

Sensor Systems

UIS

Land/
Maritime Systems

Solutions in Täby
Product Management
Product Development
Manufacturing
Finance
Supply
Sales

Surveillance Sweden
Director, Anders Sigfrinius
Product Development
Manufacturing
Supply

Product Management
Sales

FLIR SYSTEMS AB
Site manager: Rickard Lindvall.
Common resources FLIR Systems AB: Sourcing, HR, IT, Facility, QA, Finance

The graphic shows the governance structure put in place on April 1, 2020, with the former Commercial Business Unit being incorporated within Industrial. Operations under both the INDUSTRIAL TECHNOLOGIES SEGMENT and the DEFENCE TECHNOLOGIES SEGMENT are located at FLIR Systems in Täby.

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

Our employees are our most important resource

· Employees
· Prospective employees
· Trade union organizations

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

We rely on collaborations within the technological field

· 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 A400 series
FLIR	FLIR A500 series
FLIR	FLIR A700 series
FLIR	FLIR Ax5 series
FLIR	FLIR AX8
FLIR	FLIR Cx series
FLIR	FLIR Si series
FLIR	FLIR TGxxx series
FLIR	FLIR ETS3xx series
FLIR	FLIR InSite
FLIR	FLIR Ignite
FLIR	FLIR Thermal Studio
FLIR	FLIR Tools
FLIR	FLIR Mobile SDK
FLIR	FLIR Screen-EST
FLIR	FLIR EST Kiosk
FLIROne	FLIR One series
ThermoVision	ThermoVision CM
ThermoVision	ThermoVision EFD

PRIMARY BRANDS	PRODUCTS
Seapilot	Seapilot Charts
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

When preparing to our ISO 14001 certification, 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.

IRT Surveys receiving the Scottish Environment Business Award VIBES.

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 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 our other activities, as our business goal is to develop and make effective tools for our customers. ■

Detecting and quantifying energy loss in buildings

Poor insulation in walls and attics, leaking windows, or inefficient heating account for high energy losses in buildings. The Scottish thermal imaging survey company IRT Surveys uses a drone-mounted FLIR thermal imaging camera to detect energy leaks, and through their own sophisticated software they are also able to quantify the energy loss as well as provide the customer with a list of prioritized corrective actions to reduce the loss.

In 2020, IRT Surveys performed their largest project so far, inspecting over 500 of Glasgow's old tenement houses (characteristic apartment buildings in Glasgow) for the city's council. The starting point for the project was that Glasgow Council was planning to use existing lamp posts for electric vehicle charging, but the UK's national electrical grid did not have enough capacity to supply the extra energy needed. By identifying energy improvements for the tenement buildings and correcting those energy leaks, enough electricity would be freed up on the grid network to allow installation of the electric vehicle charging points. Over a 4-month period, IRT Surveys inspected the houses with their thermal imaging equipped drones, and the report was handed over to Glasgow Council just days before the Scottish pandemic lockdown.

The UN Climate Change Conference COP26 is planned to take place in Glasgow in November 2021, and IRT Surveys are hoping for an invitation to present the project to the audience.

The company was founded in 2002, and has been using FLIR thermal cameras since day 1. Compared with the first inspections, there is a clear trend that today's customer is looking more and more to reduce their carbon footprint rather than aiming only to cut down on energy costs. Through thermal inspection and IRT Surveys' proprietary software, the customer gets both a figure for savings in energy and carbon dioxide as well as an action plan for corrective actions. ■

Energy: 18,902 kWh p/y   CO₂: 3667 kg p/y   Cost: £347.80 p/y
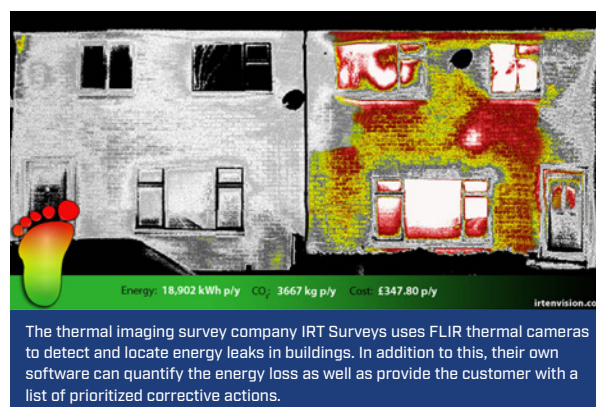
The thermal imaging survey company IRT Surveys uses FLIR thermal cameras to detect and locate energy leaks in buildings. In addition to this, their own software can quantify the energy loss as well as provide the customer with a list of prioritized corrective actions.

The Parkerville Volunteer Bush Fire Brigade proudly displaying the K1 camera in front of the vehicle that will be carrying it.

Hand-over of the donation at the West Gidgegannup Volunteer Bush Fire Brigade. FLIR Sales manager Steve Blott, second from the right.

Extinguishing fires using thermal imaging in Australia

Forest fires or bushfires occur regularly in Australia, but in recent years the bushfire season has become longer, causing significant property damage, and great loss of both human and animal life. The smoke from the fires polluting the air is a problem for both people and the environment. Forest fires also release large amounts of CO_2, and burnt forests cannot lock away carbon as undamaged forests do.

The bushfire season in 2019–2020 was extreme, and to support the firefighters working around the clock, FLIR decided to donate 100 FLIR K1 thermal imagers. Steve Blott, FLIR's sales manager in Australia, was given the responsibility to distribute the cameras to the fire brigades.

Australia is a huge country, and outside the larger cities, firefighting is carried out by volunteer fire brigades.

"The rural fire brigades are built up of volunteers who want to give something back to the community", says Steve Blott. "They have no funding for equipment so when I turned up and offered them a free FLIR camera, this was amazing to them!"

The cameras are primarily used for so called mop-ups or overhauls where the firefighters check the area to make sure that the fire is completely extinct. Without a camera the firefighters have to trust their eyes to find signs of an ongoing fire and spray large quantities of water around to be sure of extinguishing it. This is not a reliable method and can result in the firefighters being called back to the same area several times if the fire reignites. In a warm country like Australia, water is a scarce resource, and so the firefighters don't like to waste water on areas that don't require it. Using the FLIR cameras they can find the precise location of hotspots, which means large amounts of water do not go to waste.

Steve Blott has received lots of appreciation from the fire brigades expressing how the thermal images aid them in their preventive work as well as helping the firefighters get home safely.

"This is the best example of saving lives and livelihoods," says Steve Blott. "Without the FLIR cameras they would certainly be in trouble." ∎

FACTS
- In the extreme forest fires during the 2019–2020 bushfire season, 33 people died, nine were firefighters.
- 3,094 houses were lost, and more than 1 billion animals were estimated to have been killed in the bushfires.

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	200 g/h
Duration of emissions (% of year)	80%
% of found leaks fixed	75%
Methane content in leaks fixed	65%
Total fixed emission (1,000 kg/year)	120,000
CO_2 equivalent for methane (times)	25
Total methane gas leaks fixed as CO_2 equivalent (1,000 kg/year)	3,000,000

COMPARISON	
2019 Methane emission in Sweden (excluding land use and forest) as CO_2 equivalent*	4,213,800 tonnes
Total fixed methane emissions/year compared with Swedish methane emissions	74%

*https://www.statistikdatabasen.scb.se/pxweb/sv/ssd/START__MI__MI0107/TotaltUtslappN/

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

Number of faults found per year and per camera	15
Average power loss per fault	100 W
Duration of fault during a year (% of full year)	25%
Total amount of energy loss from all found faults per year	821,250,000 kWh
Part of faults found actually corrected	50%
Total energy savings from found and corrected faults	410,625,000 kWh

COMPARISON	
Energy consumption for average house per year	25,000 kWh
Number of houses per year that could be heated using energy saved	16,425

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 have dialog with other FLIR entities and local authorities, such as the Swedish Chemicals Agency. A new challenge, from 2020, has been to understand the SCIP* reporting requirements. ■

Waste

Different types of waste are monitored in cooperation with our recycling contractor. In 2020 we generated 59,580 kg of combustible waste, a larger number than 43,260 kg for 2019, and probably a result of the large amount of EST-products produced during 2020. We generated 2,857 kg of chemical waste, and 650 kg of electronic waste compared to 5,762 kg for 2019. In 2019 FLIR Systems AB started sending decommissioned computers, with their hard drives removed, for refurbishment. The decreasing number of electronic waste is most likely a result of this initiative.

The Green Group

"Our personal commitment to the environment is the biggest strength of the Green Group," says Guillaume Caron, one of the members in the group. "It is a voluntary working group where everyone wants to contribute to making our company more sustainable."

Linnea Lagerdahl and Fredrik Ahlbom, also members of the group, agree. With a personal environmental engagement, it is important that the company you work for is equally engaged.

The Green Group started just before the summer of 2020, during the pandemic, but despite this challenge, they have already made progress in their work. The environment can't wait.

"Our members come from different parts of the company," explains Linnea Lagerdahl, "which makes it easier to receive suggestions for improvements as well as implementing them."

One of the bigger projects the group has put in place is the work with dedicating a separate compactor for corrugated fiberboard waste. Previously, all waste was placed in the same compactor. Today, corrugated fiberboard is handled separately—a measure that's environmentally friendly and at the same time saves money. The cost for combustible waste is between 1,100 and 1,300 SEK/tonne, while the cost for fiberboard waste is as low as 0–400 SEK/tonne, depending on how much of the waste has been sold for recycling.

So, taking environmentally friendly measures is not only good for the planet but can even reduce costs, and the Green Group has received only positive feedback from management.

"I'm convinced that it is of great value for the company, both internally and externally, to work actively for a better environment," concludes Fredrik Ahlbom. "Simply put, it helps create a healthy and attractive company!" ■

Thanks to the Green Group, FLIR now has a dedicated compactor for corrugated fiberboard waste.

Some of the members in the voluntary Green Group. From the left: Douglas Albinsson, Fredrik Ahlbom, Christina Enevång, Linnea Lagerdahl, Peter Hedberg, Guillaume Caron och Charlotte Linusson.

*SCIP is the database for information on Substances of Concern In articles as such or in complex objects (Products) established under the Waste Framework Directive.
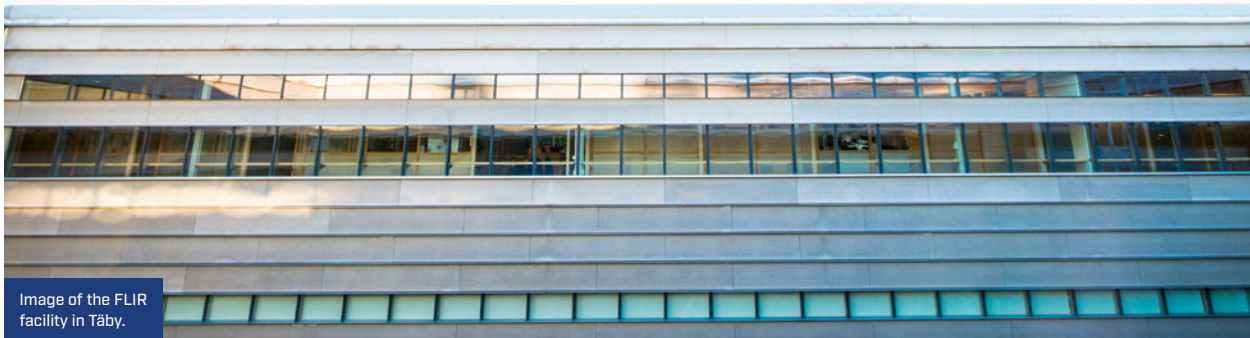
Energy and Emissions

Image of the FLIR facility in Täby.

Transportation

We deliver our cameras by air, which is one of our largest emission-creating activities. 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 videoconferencing. However, many management meetings are held outside Sweden, and there is considerable value in meeting face to face, in order to build trust and relationships. Travel helps to create business, but it is connected with high costs and negative environmental consequences. FLIR has worked on other tools which enable distance meetings, like our videoconference rooms. Due to travel restrictions, both for economic reasons and to protect our employees during the pandemic, FLIR had practically no business travel after the first quarter in 2020. Our CO_2e emissions during 2020 were only 10% of the previous year.

Charging stations are also 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. In 2019, a project to replace our existing lighting with new LED fixtures was initiated. As per their specification, the new LED lights are around 50–80% more energy efficient than the old ones and have an expected service life of a huge 50,000 hours. Due to the pandemic, the project was put on hold during 2020.

FLIR Systems AB is also participating in the Swedish Energy Agency's "Programme for improving energy efficiency in energy intensive industries", in which we are required to perform an energy review every fourth year. The energy review is a good tool to find new measures to take to improve the energy efficiency at the site.

The building is heated and cooled using geothermal energy, topped up with bio-oil when necessary. Our oil consumption for 2020 was 27,199 liters, resulting in 0,27 tonne 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). A big part of our energy consumption is managed by us all: for example, how our computers, lighting and other electrical equipment are used.

Our electricity consumption generates approximately 0.22 tonne CO_2e each year. The electricity consumption for 2020 (4,166,108 MWh) was slightly higher than the consumption for 2019 (3,907,488 MWh), most likely a consequence of our production running in two shifts instead of one, as a measure to minimize the spread of virus among our co-workers. Having two shifts added 6 hours per day of lighting and ventilation use. ■

EXTRACT FROM OUR ENVIRONMENTAL POLICY

FLIR Systems is committed to protecting the local and global environment. To minimize environmental impacts from our activities and products, including prevention of pollution, we shall:

- Comply with applicable legal requirements and other requirements which relate to the company's environmental aspects;

- Work with reduction of greenhouse gas emissions and energy leakage globally by having an attractive and easily available product offering to our customers;

- Be committed to ensure that protection of the environment is embedded in company culture and in strategy work.

A Healthy Working Environment

Providing a safe and healthy working environment for our employees is an important responsibility for us as a company. 2020 has been an unusual year where we have focused on making it possible for most of our staff to work from home and to guarantee a COVID-19-safe work environment for those who need to be at work.

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.

A safe working environment

Previously, almost all work at FLIR has been carried out on site in Täby, but during the COVID-19 pandemic we have worked to support and enable remote working for as many people as possible. A new policy and routine for remote working has been introduced, including instructions and tips on how employees and consultants can create an ergonomic and healthy work environment at home. If needed, people have the option to bring home equipment and necessary work tools from the office.

For employees who don't have the option to work remotely, efforts have been made to reduce crowding in FLIR's public spaces. Co-workers in production have been divided into two separate shifts, masks and disinfections are distributed, and enhanced cleaning in critical areas arranged. Travel restrictions and restrictions for visitors were implemented and FLIR's own cameras for elevated skin temperature screening are being used at the entrances of our facilities to avoid people with fever entering and potentially spreading infection. ■

Employee Engagement Surveys

Since 2005 FLIR has regularly carried out anonymous employee surveys where we track how employees perceive their work situation, work environment, leadership, and prerequisites to perform at work. The results are a tool for managers to work with their teams to track trends and to create a performance culture where employees stay engaged and achieve results.

During 2020 we carried out a global strategic employee engagement survey where we identified a number of focus areas for FLIR as a whole. The results have led to company-wide action plans covering initiatives like educating employees and managers in how to use check-ins to improve understanding of strategic and role clarity as well as to discuss ways to innovate and foster continuous improvement. ■
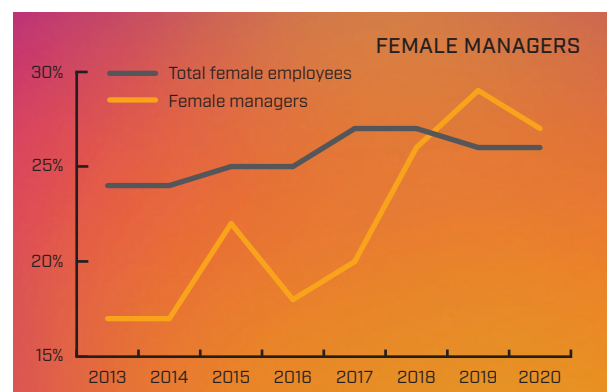
EXTRACT FROM OUR CODE OF ETHICAL BUSINESS CONDUCT

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 applicable laws and regulations of all countries and jurisdictions in which we are present and/or do business.

Cycle to work

During 2020 we introduced a new benefit for our employees, where they have the opportunity to rent or buy bikes at a reduced price. The aim is to encourage people to leave their car at home and instead cycle to work—thereby reducing carbon emissions and improving their health. ■

FEMALE MANAGERS

Total female employees
Female managers

FLIR is sponsoring the Täby artificial snow ski tracks to position us as an attractive employer in the area as well as offering our co-workers free access to the tracks.

Sponsorship supports skiing close to the office

The FLIR sports club's cross-country ski team has been around for more than 20 years, gathering enthusiastic FLIR skiers and arranging a yearly long-weekend ski trip to the northern parts of Sweden. The 90 km ski race, Vasaloppet, is on every Swedish skier's bucket list, and through the years, many FLIR skiers have trained for and participated in the race together.

"The FLIR sports club (FLIR IF) is now also a part of the Swedish Ski Association," says Rune Bergqvist, the team leader of the cross-country ski team. "So if we enter a competition, we enter under the name of FLIR."

Unfortunately, winters in the Stockholm area are not always ideal for ski enthusiasts, and that's why Henrik Ahnbrink, also a member of the cross-country team, decided to get involved in the establishment of an artificial ski track close to the FLIR Sweden office.

The Täby artificial snow ski tracks (Täby Konstsnöspår) offer trails up to 3 km long and a season of around 8–12 weeks. The tracks are run by volunteers, and in a normal season, ski schools and competitions are provided, besides individual open skiing. There is a lot of local interest in the ski trails, and FLIR has been one of their sponsors since 2019.

Henrik Ahnbrink, who initiated the FLIR sponsorship, says: "The ski tracks at Täby Konstsnöspår have around 60,000 visitors per season, so we thought it would be a good opportunity to help make FLIR known as an attractive employer in the area."

The sponsorship also provides all FLIR employees with the opportunity to use the ski tracks without cost, and last year around 100 ski tours were taken by FLIR employees. The artificial snow area is 6–7 m wide and has several tracks suited for all types of skiers, so even a beginner is welcome to enjoy a tour in the trails! ■

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%
2020	2.95%

RATIO OF EMPLOYEES/CONSULTANTS

Permanent employees
Consultants

Women / Men

	2017	2018	2019	2020	2017	2018	2019	2020
Consultants	17	14	29	28	73	57	136	137
Permanent employees	102	106	101	98	280	289	294	281

PEOPLE:
Our Employees

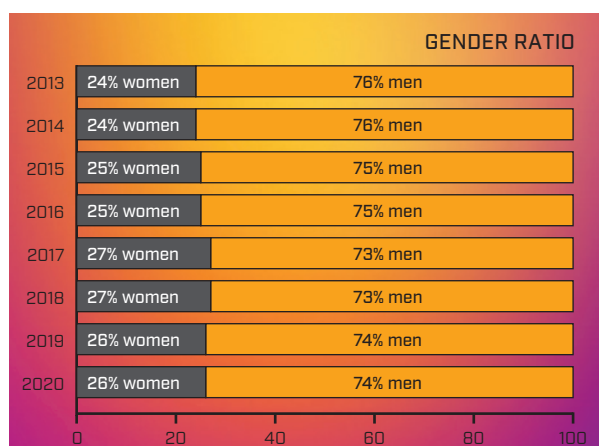## Skilled employees —today and tomorrow

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. ∎

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 aim is that these initiatives will increase the number of engineering students in the long term.

We especially want to see more girls studying to become engineers, so we sponsor and take part in the Womengineer's IGEday initiative ("Introduce a Girl to Engineering Day") where technology companies across Sweden welcomes young girls and lets them experience what its like to be an engineer for a day. Due to the pandemic we were not able to host IGEday during 2020, but preparations are ongoing for 2021.

We also sponsor the girls' summer courses arranged by the science education center Vetenskapens Hus (the House of Science) and aiming to increase girls' interest in science and technology. The summer courses for 2020 were able to run but with a reduced number of participants. ∎

Professional development

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 professional development programs (FLIR University) that specifically target this group. Eight Swedish employees took part in one of these programs in 2020.

Our employees also have access to a learning platform with flexible options for taking digital training, on everything from leadership to productivity and IT, including various certification courses. During 2020, employees in Sweden completed more than 1,500 online courses. ∎

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
2020	26% women	74% men

OUR EXTERNAL INITIATIVES 2020

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
Täby Floorball Club	2020	Täby municipality, employees

*The IGEDay 2020 could not be run as planned due to the COVID-19 pandemic.
**No internship was carried out in 2020.
***The Stafesten 2020 was cancelled due to COVID-19 pandemic.

Talent Review

In our talent review the management team and HR business partners meet to review how we develop our employees to ensure that we have the right skills for our business needs. The forum also does succession planning for our key positions and reviews the individual action plans created for employees who need training. ■

Equal opportunities

At FLIR it goes without saying that all employees should have equal opportunities no matter their gender, age, background, or gender expression. We strive towards a culture of inclusion where everyone feels seen and valued and we work proactively to prevent discrimination. We follow up on this in our employee engagement survey, where managers and employees have a shared responsibility to act when improvement needs are identified.

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 of their role and the results they have achieved. The company is subject to collective agreements, and all permanent employment is full time unless the employee chooses to reduce their working hours. ■

EXTRACT FROM OUR CODE OF ETHICAL BUSINESS CONDUCT

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, harassment 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.

"A science education is so much more than just studying books. It is an amazing opportunity to learn a lot about science and it is exciting to find out more on how everything works in our everyday life. I hope I have inspired some of the young participants in the summer courses to study science or technology like I do."

/Sara Ali, student at KTH, Royal Institute of Technology, and one of the course leaders at the House of Science (Vetenskapens Hus) summer courses in 2020

The courses at the House of Science aim to inspire young people to study science, technology or mathematics in the future. Some of the most appreciated physics experiments at the summer courses was to learn how to use a thermal camera and how to make ice-cream with liquid nitrogen.
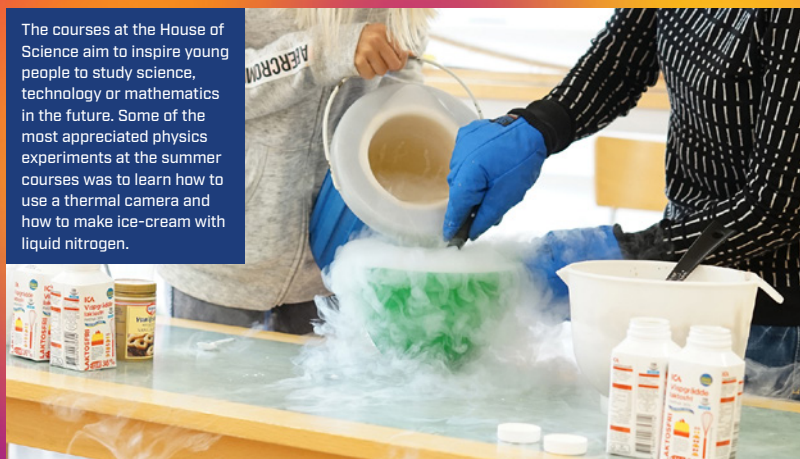
HUMAN RIGHTS:
Our Suppliers

All our suppliers are reviewed systematically before we embark on any business relationship. They must also sign and comply with our 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 located all around the world, 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 ISO 14001 certification, our suppliers' environmental management processes are also checked under an ISO audit. This is to ensure that they comply with the ambitions 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.

During the first half of 2020, our local presence proved valuable when countries where a lot of our suppliers are located went into lockdown and factories were closed. The demand for our EST (elevated skin temperature) screening products that can help prevent the spread of virus was huge, and through outstanding joint efforts by FLIR employees, suppliers, and local partners the factories were allowed to reopen in a safe manner, making it possible for us to produce and deliver our EST products. ■

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.
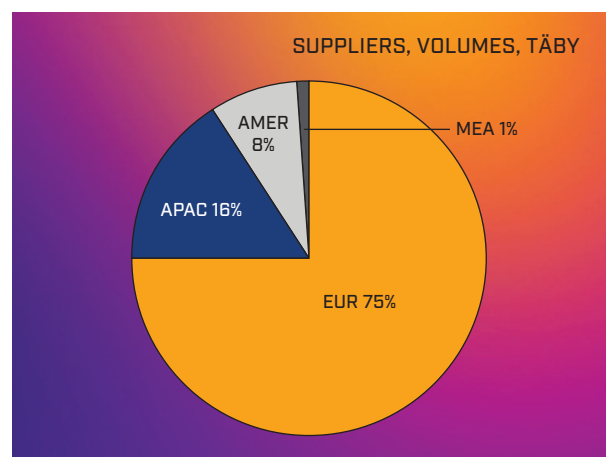
The FLIR Supplier Code of Conduct also outlines the requirements we place on our suppliers, in the following areas among others:

- **Labor:** No forced labor, no child labor, no harassment or abuse, hours of work, nondiscrimination, freedom of association and collective bargaining, 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

For extract from the FLA Workplace Code of Conduct and Summary of EICC, please see page 17.

ETHICSPOINT

FLIR has established an on-line 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

AMER 8%
MEA 1%
APAC 16%
EUR 75%

COMPLIANCE IS EVERYONE'S RESPONSIBILITY

SALES	Watchlist, Sanctions, Embargoes, Boycott, Know Your Customer, End Use (WMD), Diversion Risk, Red Flags	MANUFACTURING	Tooling, Manufacturing Technology Transfer, Outside Operations	LOGISTICS TRAFFIC	Import/Export Declaration, Document preparation/review, Shipment Authorization validation, Temporary shipment tracking
ORDER ENTRY	T&C flow down, PO Terms, Export License Requests, Transaction Due Diligence	ENGINEERING	Jurisdiction and Classification (JC Focals), Technical Data Release, Design Collaboration, R&D	HR	Citizenship/Nationality verification, Employment Licenses, Watchlist Screening
FINANCE	Boycott, Sanctions, Fees, Commissions, Political Contributions, Red Flags, Foreign Corrupt Practices (Bribery), Import/Treasury	EHS-SECURITY	Physical Security, Badging and Access Controls, Foreign National Controls, Technology Control Plans	QUALITY	QMS, Policy Implementation, Destruction and Disposal of Controlled Goods
SOURCING	Transaction Due Diligence, Supplier Jurisdiction and Classification, Technical Data Exports	IT	Location of Controlled Data, Information Security, Transfer Controls, System Access and Controls, Insider Threat	PROGRAM MANAGEMENT	Technical Data Exports (Authorization Owners)

GTC enables business —in a compliant way

Our business is global in so many ways; our suppliers come from all over the world, our products are sold globally, and we have colleagues and partners in well over 60 countries. Everywhere along the line there are both U.S. and regional trade laws and regulations to consider, and as CEO Jim Cannon emphasizes, we will always do the right thing when it comes to complying to these laws and avoid that our technology turns up in the wrong hands.

Not complying to trade laws and regulations could also cause serious harm to our company by damaging our reputation, delaying shipments, and in worst case, even risk our rights to export.

Our Global Trade Compliance (GTC) organization has the expertise on the legislation that governs us as well as the knowledge of the business and customer needs, and their role is to enable business in a compliant way.

Helena Ringström, GTC Site leader, describes it like this: "Our function is to partner with stakeholders and provide consistent and practical guidance on trade control regulations to enable business."

Global Trade Compliance is applicable to every part of the product life cycle; from designing a new product, approving new suppliers, sales, shipping, service and all the way to the scrapping of a product. Considering compliance early in each of these processes makes the business run as smooth as possible without any unplanned delays.

So, while the role of GTC is to enable business through their knowledge of what is required, it is the responsibility of each one of us to consider trade compliance in our day-to-day business and follow the set procedures. Work Instructions, guidance materials and process descriptions created by GTC are available to help with the procedure and can be found on our local intranet OneFLIR as well as our internal management system (IMS).

During 2020 GTC also introduced 10 dedicated trainings for some of the most critical functions like engineering, procurement, shipping and receiving, and sales and business development.

The GTC 101 is a Global Trade Compliance Overview training explaining the basics of trade compliance and is mandatory for everyone working at FLIR. New employees are enrolled automatically.

If you still have questions regarding trade compliance, reach out to GTC for support. Their goal is to help make the business run smoothly—in a compliant way. ∎

ANTI-CORRUPTION:
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 U.S. 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.
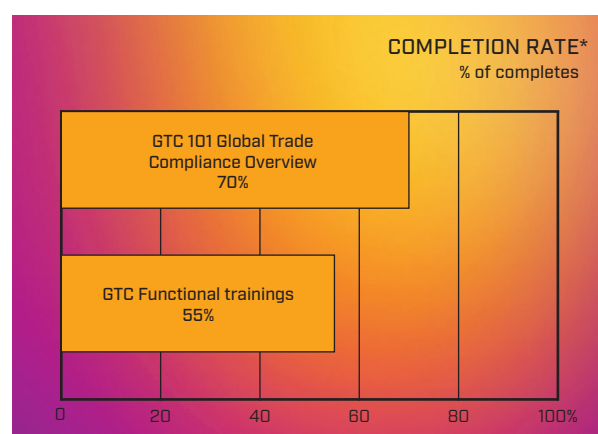
FLIR has established compliance policies to assist our employees and partners adhere to Anti-Corruption Laws. Applicable policies include FLIR's Code of Ethical Business Conduct, the Gifts, Entertainment and Hospitality Policy, the Global Anti-Corruption Compliance Policy, the Third Party Engagement 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 U.S. 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

GTC 101 Global Trade Compliance Overview 70%

GTC Functional trainings 55%

*Training modules vary from year to year.

"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 WORKPLACE 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	3, 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	4, 12
102-13	Membership of associations	4
STRATEGY		
102-14	Statement from senior decision-maker	2
102-15	Key impacts, risks, and opportunities	6, 14, 15, 16, 17
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	10, 12, 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	11, 13
102-42	Identifying and selecting stakeholders	5
102-43	Approach to stakeholder engagement	5
102-44	Key topics and concerns raised	10
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	2
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 2020
102-52	Reporting cycle	January–December
102-53	Contact point for questions regarding the report	Cecilia Trojmar, Susanna Helge
102-54	Claims of reporting in accordance with the GRI Standards	–
102-55	GRI content index	18
102-56	External assurance	–

*New automated reporting form. Now only Täby reported (earlier also Tallinn).
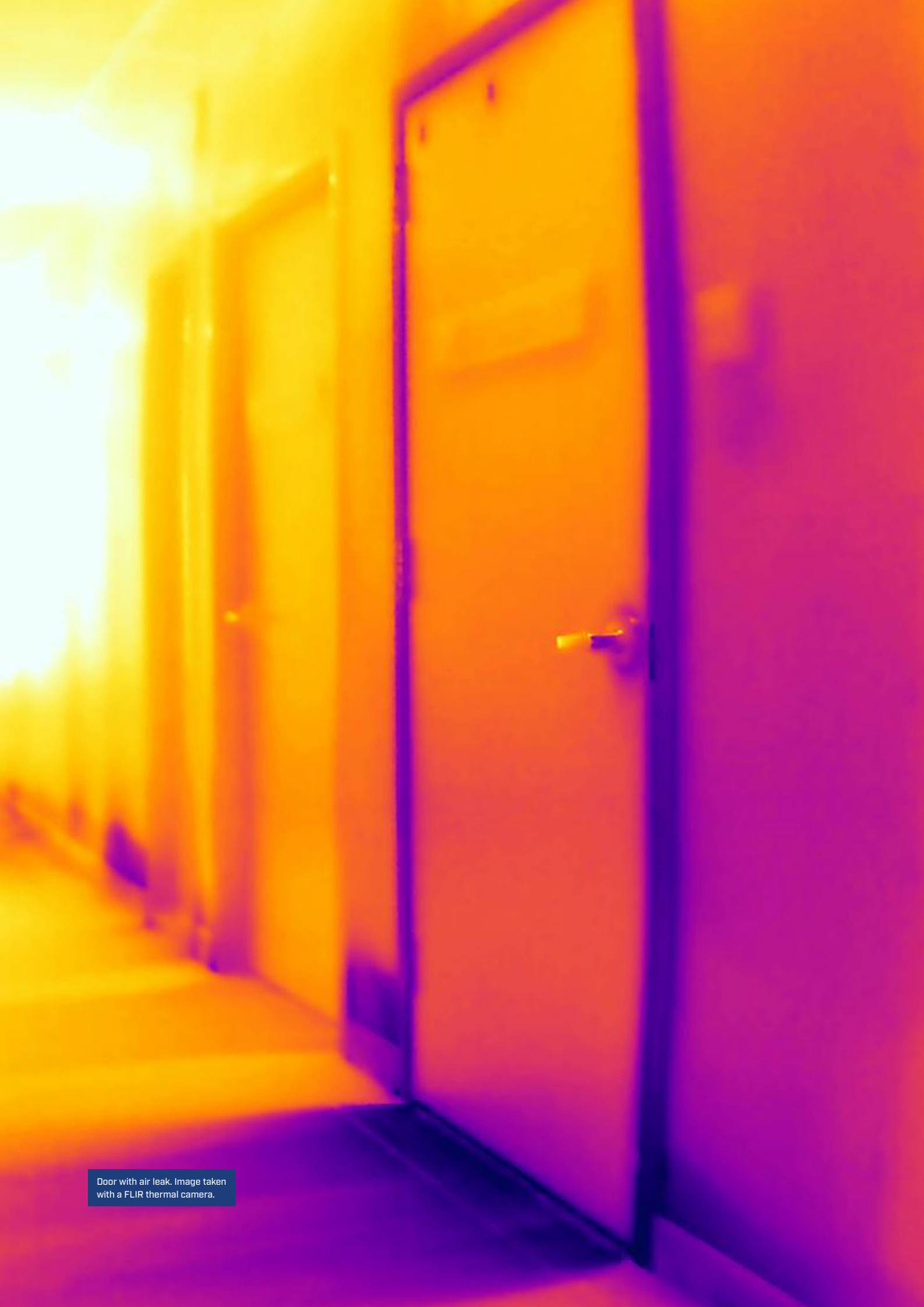
Door with air leak. Image taken with a FLIR thermal camera.

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.