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A MESSAGE FROM CHARLES BROWN, PRESIDENT AND CEO

At Flow International, we are committed to building and sustaining an environment that is based on Trust-based High Performance. We are accomplishing it by practicing the “3P Formula” (Principles of Conduct + Passion for Results = Trust-based High Performance) universally, cross-functionally and individually generated. The first portion of the Formula is the Principles of Conduct which clearly tell us what is acceptable when we work with others:

- Be honorable – Adhere to a principled set of values during both good and bad times.
- Be respectful – Build constructive and effective work relationships by listening to each other and respecting their views.
- Use “straight talk” – Resolve issues directly and timely by speaking the truth respectfully in an appropriate setting.
- Practice “walking our talk” – Meet commitments and follow up with requests in a timely manner.

In addition to our Principles, we must have Passion for Results. It defines how we will achieve our results by outlining common steps to accomplish what we set out to do:

- Plan – Define the desired outcome and work with each other in identifying information, “must haves” and roadblocks with the intent on developing the necessary action steps and responsible parties.
- Execution – Act on the defined plan while continuing to assess the situation and make adjustments where necessary.
- Win – Achieve goals and consistently deliver results with measurable return on investment of time, energy and money.
- Sustain – Improve processes by identifying root cause and creating countermeasures so they do not happen again.

To truly create the positive and productive work environment that is wanted by all of us, we must have the right balance between our Principles and Passion. Principled behavior, without passion, rarely leads to high performance. Passion without principles never leads to trust and only delivers high performance in short bursts. This balance is a “must” for reaching a sustainable Trust-based High Performance which will provide us with a very fulfilling work environment.

This Guide to Ethical Conduct addresses only one portion of the 3Ps - Principles of Conduct. We have come to expect all of us will treat each other, including customers and suppliers, with principled behavior regardless of location or position. It is a condition of employment with clear non-negotiable expectations that are related to People, Property and Information:

- We expect from each other nothing less than 100% of honesty in all aspects of our business. This means those with knowledge of any lapse in honesty or good judgment will report what they know.
- We will not use the assets of our company in any way to promote the financial gain or self-interest of individual employees. This includes, but is not limited to, the use of our information systems, intellectual property, equipment and assets or facilities.
- We will not use our information systems in any way that may jeopardize the integrity of data within the system, or use the system in any way that could be perceived as illegal or unethical.
- We expect all of our business partners to comply with the letter and the “spirit” of the law regarding the Foreign Corrupt Practice Act (FCPA).

The Guide communicates our commitment to go one step beyond ethical behavior. It is a valuable resource on “how” to practice our Principles of Conduct during good and difficult times. Personally accepting and understanding our Principles and expectations, is a “must” for being successful at Flow.

If you have questions regarding these guidelines or concerns about a specific situation, please do not hesitate to ask for clarification. You can contact EthicsPoint at 1.866.384.4277 or www.ethicspoint.com, your manager or local Human Resources Manager. All of your questions and comments will be treated respectfully and confidentially.

Respectfully,

Charles Brown
President and CEO
Flow International Corporation
3Ps – PRINCIPLES OF CONDUCT

Flow’s operating expectations and execution framework is based on “The Three P Formula” (“3Ps”). It is the act of balancing the right Principles of conduct with a Passion for results to deliver trust-based high performance. Principled behavior without passion rarely yields high performance. Passion without principles delivers high performance in only short unsustainable bursts. The right principles of conduct combined with an active passion for results is the successful formula for delivering sustainable trust-based high performance while being in a fulfilling work environment.

We are committed to operating by the 3Ps formula regardless of our position or location. It defines how we treat each other and how we treat our suppliers and customers. The expectation at Flow is to extend ourselves beyond “ethical behavior”. We strive for something greater of which we can be proud of in terms of how we act every day, Principles of Conduct:

Honorable

We are committed to adhering to a principled set of values during both good and bad times. This includes keeping confidences, admitting to and taking responsibility for own mistakes. It means we do not represent self for personal gain and we are not afraid to take a stand for the ethical position. Honorable behavior is a much higher bar to clear than just ethical behavior.

Respect

We are committed to building constructive and effective work relationships by listening to each other and respecting their views regardless of position. This requires the use of diplomacy and tact without violation of cultural differences.

Straight Talk

We are committed to dealing with issues directly and timely by representing the truth plainly and respectfully in an appropriate setting. This includes receiving "straight talk" from others without getting defensive, using "active listening" and adapting when appropriate, and engaging in productive, fact-based dialogue.

Reliable

We are committed to "walking our talk" by keeping commitments and following up with requests in a timely manner even if you are unable to accommodate the request. This includes taking responsibility for outcomes.

These Principles of Conduct are conditions of employment. They are not negotiable regardless of position or location. They are the fundamental cornerstones to building and sustaining a trust-based high performing company built on a culture that is committed to equal employment and a harassment- and substance-free work environment that values the safety and contributions of its employees as defined in the Employee Work Guide for Flow International.

The Principles of Conduct are expected to be UNIVERSELLY APPLIED, BROADLY DRIVEN, INDIVIDUALLY OWNED & GENERATED:

- **Universally Applied** – These principles apply to everyone, regardless of country. It is inappropriate to assume these expectations only apply to the U.S. because it is an American company. They are applicable for everyone throughout Flow, throughout the world.

- **Individually Owned** – These principles are not about any one position. It is about each one of us because we must make an individual choice to behave in this manner. It is without reminder or directive. It is who we are without hesitation.

- **Individually Generated** – These principles are the way in which we conduct ourselves. Because we want to be part of a company that has this type of foundation, we will be proactive in building and sustaining these principles and expectations, regardless of position and location.
GETTING STARTED

Questions to Ask Yourself

All Flow employees are expected to understand and comply with Flow's Guide to Ethical Conduct and with all policies, practices and regulations that affect their jobs. Employees are also expected to report any known violations of Flow's policies and procedures. All reports of violations will be taken seriously and addressed promptly.

If you are unsure of the appropriateness or ethics of an activity, ask yourself the following questions:

- Does your concern relate to an accounting, internal control, legal or audit matter?
- Does this activity comply with the law; with Flow's Guide to Ethical Conduct; and with Flow's compliance policies and procedures and the 3Ps?
- How would our customers, shareholders, and the general public view this activity?
- Would reporting this activity prevent similar issues from occurring in the future?

Reporting and Resolving a Concern

If your answers to any of the above questions cause you to pause, refer to the chart on the next page for resolution guidance. At any time your issue remains of concern, or if your issue deals with ethics or improper business conduct, you may contact: EthicsPoint at (866) 384-4277 / www.ethicspoint.com. All reports made to EthicsPoint are directed to Flow's global "Business Practice Team" or BPT. The BPT is a team of senior leaders from the company who work under the direction of the Audit Committee of the Board of Directors to ensure all ethical concerns raised are properly addressed and are handled in a professional and confidential manner. Reports made to EthicsPoint are handled confidentially and, if you wish, anonymously. Once your online report or call is received, your information will be referred to the appropriate Flow representative and resolved as quickly as possible. If you choose to remain anonymous, please provide as much detail regarding the issue so that it can be properly addressed.

Flow does everything possible to handle complaints in a sensitive way. Flow will not retaliate against employees who raise business conduct issues or report an alleged violation of company policy or the law. Retaliation against employees for reporting a business or policy violation may result in disciplinary action, up to and including termination, for the individual(s) who retaliates.

Duty to Report/Failing to Call

You have a duty to report any violations of Flow’s Guide to Ethical Conduct. While you may initially be reluctant to get involved, it’s important to note that failure to report violations can have substantial consequences. In addition to the possibility of being held personally liable for the legal or ethical violation (which may result in fines or even jail time), you may be subject to disciplinary proceedings, up to and including termination. When in doubt, speak out.

Annual Acknowledgement

You will be required to sign a statement annually confirming that you have read and understand Flow’s Guide to Ethical Conduct. This statement also requires you to state that you are in full compliance with the guide.

This guide applies to all of Flow's U.S. and international locations and is intended to ensure that the laws applying to your location are followed. It offers general guidelines only and is subject to local law. It is not intended to be all inclusive. Additional instructions may be found in other corporate, functional or local policies relating to areas discussed in this guide.
I have an concern

Ethics Point can be contacted at any point in the process.

Audit Committee Chairman — Rick Fox Receives reports directly from EthicsPoint

Each member of the Global Business Practice Team receives reports directly from EthicsPoint.

If your concern is of personal nature and you are comfortable, discuss your concern with the individual involved. Any ethical concerns should be reported to a supervisor or through EthicsPoint.

Discuss your concern with
1) Your Local HR Rep
2) Your Supervisor
3) Your Regional Manager

If your concern is not resolved to your satisfaction, contact....

Global Business Practice Team Member
Theresa Treat
VP of Human Resources

Global Business Practice Team Member
Rick Smith
VP Internal Audit

Global Business Practice Team Member
John Leness
General Counsel

Global Business Practice Team Member
Kris Pattison
Chief Compliance Officer

Every Ethics issue received is investigated by the BPT and results are reported to the Audit Committee of the Board of Directors by Flow’s Chief Compliance Officer.
**Fraud**

The deliberate misuse or misapplication of Flow’s resources or assets for one’s personal enrichment or for the enrichment of others outside the company is considered fraud. We do not tolerate fraud of any sort at Flow International Corporation.

It’s important to understand what fraud can entail, so you can recognize fraud, avoid fraud and report fraud.

Fraud generally occurs in one of the following three ways:

**Asset misappropriations** involve the theft or misuse of Flow’s assets — including the theft of inventory, products, tools and equipment — as well as falsification of expense reports, forging or altering checks, and timekeeping fraud.

**Corruption** involves an individual wrongfully using their influence in a business transaction to procure some benefit for themselves or another person. This may include accepting or paying kickbacks, and engaging in conflicts of interest. All transactions that involve Flow directly or indirectly must be above reproach.

**Fraudulent statements** involve falsification of financial statements. This can include changing transaction dates, overstating revenues, understating liabilities or expenses, and making any entry on company records or financial statements that is not accurate and in accordance with proper accounting standards.

Flow employees involved with fraud in any form are subject to strict disciplinary action, including dismissal and possible civil and/or criminal action.

**Fraud looks like…**

A sales manager asks a customer to change the date on a system installation and acceptance report so he can delay reporting revenue until the next quarter because he has already achieved his revenue goal for the current period.

An employee in the IT department makes copies of software programs for use on her computer at home and gives copies to all her family and friends.

A manager approves inflated billings from a contractor because he is personally receiving a portion of the over billings in the form of cash kickbacks.

Two hourly employees agree to enter in similar work hours into the time record system when only one of them did the work.

These are just some examples of fraud. If you experience or witness other activities you think may be fraudulent, immediately notify your local Human Resources representative or the Legal Department, or contact EthicsPoint to submit an anonymous report.
Conflicts of Interest

As Flow employees, you make business decisions every day. It is important that each decision, and any related action, be based on the needs of the company, not personal interests or relationships. You are expected to carry out Flow's business with honesty, integrity and high ethical standards, and in compliance with all applicable laws and regulations.

As a Flow employee, you probably work with suppliers, customers, consumers, and others who do business with Flow on a regular basis. It is essential that you avoid even the appearance of conflicts of personal interest in your business relations.

For purposes of this policy, a conflict of interest is any situation that conflicts with the purpose, policies, or operations of your service with Flow. Conflicts apply equally to business relationships and personal activities.

Other Business or Financial Interests

Conflicts of interest don’t end when you leave the office. You must manage all of your business relationships with your Flow responsibilities in mind. Outside the office, you should avoid any situations that might lead to a conflict — or the appearance of a conflict — between yourself and your work at Flow.

In addition, if you or an immediate family member has any significant financial interest in a Flow supplier, customer, consultant or competitor, you must notify your local Human Resources representative and your manager without disclosing the identity of the relevant family member. Immediate family members include your spouse or significant other, as well as your parents, your spouse or partner’s parents, and your siblings, children, grandchildren, grandparents, aunts, uncles, cousins, nephews and nieces.

In questions concerning financial interest, managers shall seek guidance from Human Resources or the Legal Department in determining significance. Should you report a significant financial interest in a Flow supplier, customer, consultant, or competitor, the company will work with you to determine the appropriate course of action.

Involvement in Other Organizations

If you serve as a director, officer, or consultant with any company that does business with Flow, you must notify your local Human Resources representative and your manager to obtain approval for continued service. This policy applies to both paid and unpaid positions you may hold.

Conflicts of interest look like…

A senior executive is also on the board of directors of a corporation that supplies the company with services. The executive has not made it known to the company that he serves on the board of this other company.

Joseph is an employee whose sister operates a vending machine company. He learns that his plant will soon be choosing a new vending service. Joseph gives his sister the terms of the best proposal the company has received to date. She then submits a better proposal on behalf of her company.

Maria, a supervisor, is responsible for filling an open position in her department. Maria’s cousin is well qualified and is looking for a job. Instead of turning the hiring decision over to her manager, Maria hires her cousin as her direct report.

An Employee does personal business or their own side business with a supplier of the company.
Gifts

Giving or accepting gifts of more than nominal value from anyone with whom Flow does business is prohibited. It can create the appearance of a conflict of interest, and it could be suggested or inferred that the gift-giver or receiver might receive favorable or preferential treatment. This policy extends to vendors, suppliers, distributors, and customers, as well as any entities or individuals currently doing or seeking to do business with any Flow entity.

Accepting Gifts

You should never accept, or allow a close family member to accept gifts, services or preferential treatment from anyone — customers, suppliers, or others — in exchange for current or future business with Flow, or for agreeing to special monetary or business terms and conditions.

The test for a potential conflict is simple: Will the person offering the gift think that you have been compromised? Or, could it appear to others that you have been compromised? If the answer to either question is "yes," you should thank the person offering the gift but firmly decline to accept it, explaining that you are acting in accordance with Flow policy. If you have any question about the appropriateness of accepting a gift or invitation, discuss the matter with your senior manager before accepting it. In the rare situation where refusing or returning the gift would be embarrassing or impolite and might adversely affect the relationship, you can accept the gift on behalf of Flow, and after consulting with your manager, turn it over for company use.

You may accept the following items without violating Flow's policy on gifts:

Infrequent non-cash gifts of nominal value, based on local custom (generally less than $50 in the United States); and items that can be reciprocated, such as company logo items, the occasional business meal, or tickets to a sporting event. You must receive approval from your direct supervisor before giving or receiving gifts of more than nominal value.

Inappropriate acceptance of gifts looks like . . .

A purchasing agent receives tickets to an expensive sporting event from a vendor for personal use. He then selects the vendor without fairly evaluating other potential vendors.

A facilities manager is regularly taken to lunch by local contractors. Although he thoroughly evaluates and selects the appropriate contractor for each project, he has given the appearance that he must be entertained to win business.

A sales manager provides an additional discount to a large customer after his brother is offered a job by that customer.

The Manager of Credit & Collections accepts tickets to a sports event, including airline tickets, from a customer.
Giving Gifts

When it comes to selling or obtaining products and services, or facilitating or expediting Flow’s business transactions, you should not actually (or be perceived to) engage in activities to:

- Offer or make payment terms outside the contract or statement of work;
- Provide other inducements; or
- Give lavish gifts or entertainment to government officials, customers or others.

Flow’s general rule regarding gift giving is: **Do not give gifts or anything of value that could be perceived as a “gift in kind.”**

The payment for reasonable and customary meals and entertainment in the normal course of business is permitted, subject to business expense reimbursement requirements outlined in Flow’s travel-and-entertainment reimbursement policy* and other business-specific policies relating to customer entertainment. If circumstances warrant a gift, carefully consider how it might appear to others. If your gift could be interpreted as consideration for an official or business favor, you must not give the gift.

You must know and comply with applicable restrictions on providing meals, lodging, transportation, entertainment or gifts to employees and agents of any government. The laws of the United States and other governments range from absolute bans, regardless of value, to prohibitions on giving gifts in exchange for a favorable decision by an official. If you have any questions, contact your regional General Manager or Flow’s Legal Department.

*For copy of policy, please see Human Resources.

**Inappropriate giving of gifts looks like. . .**

A salesperson offers to give a purchasing agent a new set of golf clubs if he buys exclusively from the company despite a higher cost.

A manager offers to give a government agent $100 if he will facilitate the processing of a shipment.

A country manager selects a sales agent because of his reputation for “lubricating” the selection process of several large customers, even though he knows that a portion of his commissions may be used to pay cash kickbacks to win business.

The company Recruiter had lunch in a restaurant with a recently promoted employee and is seen by one of the employees that was not selected for the job. The observing employee concludes the promoted employee paid for the Recruiter’s lunch in turn for the promotion.

Contact your manager, Human Resources representative, or the Corporate Law Department for specific questions regarding gifts or details on dealing with state, local or other government customers.
Foreign Corrupt Practices Act

Flow maintains a policy designed to ensure that all officers, directors, employees and agents of Flow International Corporation know about and comply with the U.S. Foreign Corrupt Practices Act of 1977, which prohibits the payment of bribes to foreign officials.

The U.S. Foreign Corrupt Practices Act of 1977 (FCPA) contains very serious penalties for bribery, including the payment of anything of value to foreign officials. Foreign officials include any person employed by or representing a foreign government, or a government owned enterprise, officials of a foreign political party, and candidates for foreign office.

Such payment need not take the form of cash, but includes providing or offering gifts, services, amenities, or other types of consideration. Individuals may be imprisoned and, together with their organizations, may be fined for violating the Act.

Because Flow does business in foreign countries, it is imperative that all employees annually certify in writing that they understand the activities prohibited by the FCPA and comply fully with the FCPA Policy.


Company M is a U.S.-based publicly traded company that manufactures explosive detection devices. Company M’s Regional Sales Manager for China bids to win the right to supply Company M’s explosive detection devices for a new airport in China. The airport is owned and controlled by the Chinese government. The Regional Sales Manager pays $100,000 in “consulting fees” to a bidding agent in China with the understanding that the money will be paid directly to airport officials in order to win the contract.
Record-keeping, Financial and Disclosure Controls

**Accurate, timely financial records and export controls** provide information that is necessary to manage our business. These records and export controls also are essential to fulfilling obligations to our shareholders, governments and the general public.

In general, all internal and external financial records and information at Flow must follow:

- U.S. generally accepted accounting principles;
- Local regulatory reporting requirements;
- Effective internal controls, including procedures to protect the company's assets.

Financial information about Flow should only be made available outside the company with proper prior authorization from the Legal Department.

**Compliance with Internal Controls**

Creating and complying with strong and effective internal control systems is, ultimately, the responsibility of each employee with respect to his/her areas of operation. These internal controls should provide reasonable assurance that:

- Transactions are properly authorized and accurately recorded, based on company polices and procedures.
- Company assets are adequately safeguarded.
- Financial and management reporting is reliable and accurate, and reflects actual business activity.
- Activities comply with applicable legal requirements.
- Business operations are effective and efficient.

**Applying Internal Controls**

As a Flow employee, you are expected to:

- Maintain and enter complete, accurate, and timely records and accounts for all business transactions, corporate assets and funds, and corporate liabilities.
- If you seek approval for expenditures from your supervisor, only do so for legitimate purposes and be sure to supply all pertinent and accurate documentation. Seek reimbursement only for expenses incurred for Flow's benefit.
- If you have the authority to approve expenditures, be sure to exercise your authority only after considering whether the expenditure satisfies corporate policies. Take your approval authority seriously. You may be allowed to delegate it in some circumstances, but you retain ultimate responsibility for the use of your delegated authority. The delegation must be accompanied by clear instructions and ongoing oversight.
- Ensure that important information is recorded, processed, summarized and communicated to the appropriate employees in Corporate Accounting so that an assessment can be made of the need to disclose developments, risks and other material information.
- Use corporate resources effectively and efficiently.
- Safeguard all physical, financial, informational and other company assets.
**Accuracy of Company Records**

All business transactions must be properly authorized as well as completely and accurately recorded on the company's books. Procedures for doing so must comply with Flow's financial policies*; follow Flow's policy for authorization and documentation; and follow generally accepted accounting practices.

Financial Statement certifications and questionnaires must be complete and accurate. Budget proposals and other financial evaluations and forecasts must fairly represent all information relevant to the decision. In addition, no unrecorded cash funds or other asset accounts will be established or maintained for any purpose.

Misapplication or improper use of corporate or customers' funds or property — or false entry to records by employees or others — must be reported to the Legal Department. Any such behavior may result in disciplinary action, up to and including termination.

**Documents, Files and Record Keeping**

To help maintain the integrity of your business unit's record-keeping and reporting systems, you must know your area's records-retention procedures. It is your responsibility to know how to document and transact any entries or records for which you are responsible. You are also expected to comply fully and accurately with all audits, including responding in a timely fashion to requests.

No document, including originals, drafts, duplicates, computer files, disk drives, hard disks, floppy discs, CD-ROMs or any other media, may be destroyed, altered, or removed from any file or premises where it is stored, without following the department policy. Check with your manager to determine if this applies to your department.

Communicating false or derogatory information or altering or destroying any document without proper authorization is a violation of company policy and, in many cases, illegal. Employees who do so are subject to disciplinary action, including termination, and may be referred to the appropriate authorities.

**Error Reconciliation**

It is Flow's policy to advise customers and suppliers of any clerical or accounting errors and to promptly correct such errors though credits, refunds, or other mutually acceptable means.

**Disclosure Controls**

Flow is committed to complying with securities laws, to communicating with its shareholders and investors in a candid and forthright manner, and to providing disclosures that are full, fair, accurate, timely and understandable.

Additionally, the Chief Executive Officer and Chief Financial Officer are responsible for ensuring that all documents the company files with the U.S. Securities and Exchange Commission and all public communications by the company contain full, fair, accurate, timely and understandable disclosures about the company.

*Policies can be found in Policy IQ: https://www1.policyiq.com/FlowCorp

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**Improper financial records and poor controls look like...**

An accounting clerk is asked by his supervisor to charge ordinary operating expenses against a special accounting reserve. When he objects that this is improper and would artificially inflate income numbers, he is told that the annual bonuses of the entire team depend on making income targets. He is also told that if he won't book the income as directed, his supervisor will "find someone else who will."

A manager in the company buys equipment for his own use and benefit, and then instructs his direct reports to expense it on their monthly travel and expense report. This practice bypasses the approval process in place.

An employee inaccurately enters time and dates for work they did not perform.
Inside Information and Trading Flow Securities

U.S. Securities law has strict requirements regarding how companies use and disclose company information. All Flow employees are expected to adhere to these requirements. This includes not disclosing or using inside information for personal advantage.

In the course of your job here at Flow, you may be privy to "inside" information about Flow, its customers, suppliers, or strategies. Inside information is any non-public information relating to Flow or another company that could be used improperly for personal advantage. For example, if you know about the company’s earnings or a planned acquisition or divestiture before that information has been publicly disclosed, you have "inside information."

The possession of non-public information can raise personal and corporate concerns. If you possess inside information, the following rules apply:

- **Do not disclose inside information:** You must not disclose non-public information to anyone either inside or outside the company unless properly authorized to do so in advance.

- **Do not use inside information:** You must not use inside information in any business transaction in a way that disadvantages the company or gives you an unfair personal advantage over others who do not have the information.

- **Trading in securities:** You must not trade Flow stock when you possess significant non-public information. You must not trade in the securities of another corporation if the value of that company’s stock is likely to be affected by an action you know Flow intends to take and that action has not yet been publicly disclosed.

- **Special instructions:** The general counsel may instruct select officers, directors and employees of the company not to trade in Flow shares and/or securities of other companies for specified periods of time. If you have received such an instruction, you may trade in Flow shares or securities of such other companies only if you have been informed by the general counsel that such instruction is no longer in effect.

- **Directors and company officers:** Directors and executive officers of the company may trade in Flow shares only with prior approval from the general counsel. This restriction applies to officers of the company who are required by law to report their trading activities in Flow shares to the Securities and Exchange Commission. Directors and officers of the company may not engage in short sales of company stock.

**Insider trading looks like . . .**

An employee, knowing that the quarterly results are going to be better than expected, advises a friend to buy the company’s stock. The friend buys shares before the results are announced and sells them after the announcement when the price has gone up.

An employee learns that the company has targeted a competitor for acquisition. The employee purchases stock in the target company prior to the takeover attempt being made public and later sells the stock for a profit after the announcement.
The Media and Financial Community

Communication with the news media is an important part of Flow's public relations program. However, as a public company, Flow has regulatory and legal obligations regarding how it discloses significant events to the public. It is important that all communication with the news media be accurate and consistent.

Flow makes every effort to keep the news media well informed about the company's achievements, financial performance, and plans for the future. However, members of the media sometimes obtain information from other sources and call Flow with questions. Media requests for information might relate to:

- Speculation about changes in the company's stock price;
- Rumors about a merger, acquisition, or other significant business event;
- Rumors about management changes;
- New products, policies, processes or strategies.

Questions from the news media, including questions from the financial press and financial analysts, should be directed to the Chief Executive Officer, Chief Financial Officer, EVP/GM Flow or General Counsel.

Inquiries from trade publications should be coordinated with the Vice President of Human Resources and/or the General Manager.

Internet Postings and Chat Rooms

In today's electronic age, posting information on Internet bulletin boards or even communicating in chat rooms (other than internal/company-provided spaces) is the same as "speaking to the media."

You should not use these forums to discuss matters or opinions related to the company or to respond to comments about the company.

If you see a comment or posting of concern related to Flow, you are encouraged to bring it to the attention of the Legal Department.

Inappropriate Internet postings look like . . .

An IT employee regularly reads the Yahoo message board postings regarding the company's stock. When he sees a posting that clearly misstates facts about the company, he cannot resist posting a correction.

Inappropriate contact with the news media looks like . . .

A reporter from an industry trade publication calls an employee to get the employee's comment on how the company came up with the idea for its latest successful new product that was recently launched. Instead of directing the call to the Vice President of Human Resources or the employee's General Manager, the employee details for the reporter the employee's role in the development of the new product.
Export Restriction, Boycotts and Customs

Export Control

Flow complies with all export control laws of the United States and all other jurisdictions in which we operate worldwide. Flow's policy on export/import controls* and economic sanctions contains specific guidelines regarding:

- Obtaining proper export authorization
- Establishing eligibility of export recipients
- Executing and delivering required documentation
- Records retention for the above

Any questions regarding exporting, "deemed exports," or export compliance should be directed to Corporate Customs and Logistics Manager.

*Currently found in Agile #QS-7A2-01
The Use of Company Property

Flow’s company property, including its buildings, vehicles, equipment, and communication systems such as email and the Internet, is in place to enable you to perform the business-related duties that your position requires. You should use company property for the primary purpose of conducting business-related tasks.

Incidental Personal Use

The company recognizes that you may need to use company equipment and/or communications from time to time for personal use. In general, this is allowed, provided such use:

- Is limited in duration or extent.
- Does not adversely affect your attention to or completion of your job responsibilities.
- Does not result in any significant incremental cost to the company.
- Does not contain pornographic or offensive material, discriminatory or harassing language or derogatory references to age, color, disability, ethnicity, marital or family status, national origin, race, religion, sex, sexual orientation, veteran status, or any other characteristic protected by law.
- Does not otherwise violate Flow’s Guide to Ethical Conduct.

All communications that you send or receive using company phones, email or computers while you are employed at Flow is company property, not private communication. Flow owns and/or controls access to all communication equipment, including computers, software, email, voicemail, conferencing equipment, and office supplies. Flow reserves the right to monitor all communications, including Internet usage.

By making private use of Flow’s IT equipment, telecommunications facilities, networks as well as email and internet access you agree to the above, notably that all data will be treated the same, regardless whether it is private or business related.

Company property includes computer software assets which are licensed from a variety of outside companies. Flow is committed to ensuring that software is used only in accordance with license agreements and does not condone and will not tolerate the illegal duplication of software.

Improper use of company property, email, Internet, and other company communications looks like…

Bruce receives a joke with sexual overtones from an old college friend on his work email. He forwards it to co-workers.

Upset that she has been temporarily laid off, Donna goes to a widely used financial bulletin board on the Internet and posts a long message about how her company has mistreated her.

Bill’s former company uses a proprietary spreadsheet to allocate bonuses among employees. Without permission from his prior company, Bill uses that spreadsheet tool for his new employer.

An employee connects to the Internet several times per day to auction personal items online and to monitor bidding.

For an upcoming wedding anniversary celebration, an employee uses the business color photocopier to make dozens of party invitations.
Proprietary and Confidential Information

Flow’s business information is very valuable and needs to be protected. You are expected to respect the company’s proprietary information by maintaining the strictest confidentiality of information safeguarded to you. This means not sharing information with anybody, not even a co-worker, who does not need to know it.

Examples of information that you should consider confidential and proprietary include:

- Intellectual property (e.g. trademarks, patents, and copyrights)
- Technical information, such as inventions, formulas, designs, operating parameters, specifications, and scientific data
- Proprietary software or company-owned software modifications, templates, worksheets, or other programs
- Drawings for current or potential new products
- Business information, such as plans, costs, price studies, market studies, customer and personnel data
- Customer lists and agreements, market share data, supplier agreements, and other files
- Company financial information
- Financial and other information about potential acquisitions
- Written and oral agreements between the company and employees, agents, strategic partners, and/or other third parties

In addition, you should treat information provided to Flow in good faith by our customers and suppliers with the same degree of confidentiality.

Ownership of Intellectual Property

Any technical innovations, discoveries, system designs, or technical enhancements that an employee designs or conceives while serving as a Flow employee are the sole property of Flow. The employee must disclose such discoveries and innovations to Flow. Please contact the Legal Department for guidance on the disclosure process.

Security Incident Reporting

Compromises in security can have serious consequences and as an employee, you are expected to stay vigilant for accidental or malicious security incidents. If you observe any of the following activities of concern, immediately report the security incident to the Legal Department, the Chief Information Officer and your manager.

Watch for activities that may:

- Provide for misuse of confidential information
- Result in unauthorized access to Flow resources or information
- Imperil the functionality of Flow’s information technology infrastructure
- Allow Flow information technology resources to be used to launch attacks against the resource and information of other individuals or organizations
Protection of Passwords

Passwords are a critical part of information and network security and are used to access a number of Flow systems, including the computer network, email, the internet and voicemail. Passwords serve to protect user accounts and should be treated as confidential information. You should ensure that your passwords are not based on well-known or easily accessible personal information such as your name or phone number. If you suspect your password has been compromised, contact the IT Department and request a password change immediately.

** See appendix for copy of policy. These policies maybe updated at anytime. For an updated copy, please contact Human Resources.

Improper use of proprietary information looks like…

Samantha uses a process she learned from her brother-in-law’s work. Her brother-in-law’s company has never publicly revealed the process.

Karla, an assistant to the engineering manager, copies designs of a new electronic relay and gives them to her friend who then applies for a patent for the relay under his name.

Leo, an employee of a fire protection installation company, is responsible for gathering data about the company’s customers. Leo provides this information to his friend’s brother who runs a fire-protection industry marketing firm.

Should you have any questions about proprietary and confidential information, seek guidance from Flow management or Flow’s Legal Department.
Protection of Employee Information

In the course of normal business, Flow collects, processes, uses and transfers personal data from employees only for lawful and legitimate business purposes. Flow takes care to safeguard and secure all confidential personal data.

In order to protect your personal information and right to privacy, we will:

- Take appropriate measures to keep your personal information secure
- Protect the confidentiality of your personal data when dealing with third parties
- Restrict access to your personal information to you and to those with a legitimate business or legal need to view the information
- Endeavor to keep your personal information accurate and up-to-date

Please inform your local Human Resources Department contact immediately in the event of a change in your personal information.

Improper protection of employee information looks like:

A manager talking about an employee’s health information to other members of your team.

Leaving a Fitness for Duty Authorization form on top of your desk for all to see.
Retaliation and Malicious Reporting

**Flow will not retaliate against employees** who raise business conduct issues or report an alleged violation of company policy or the law. Retaliation against employees for reporting a business or policy violation may result in disciplinary action, up to and including termination, for the individual(s) who retaliates.

If an allegation is made in good faith, but it is not confirmed by independent investigation, no action will be taken against the originator of the report. If, however, individuals make malicious allegations, disciplinary action may be considered against the individual making the allegation.
Fair Competition and Fair Dealings With Suppliers

Flow treats its suppliers, contractors and customers fairly and honestly at all times. We allow our suppliers to compete equitably for our business based on the total value they offer to our company.

Following are our conduct standards regarding suppliers:

- Decisions regarding purchases of materials or services for the company are based on product quality and service level, including consistency and dependability.

- Purchasing decisions are not made on the basis of reciprocal deals (i.e., where a supplier promises to purchase certain Flow products if Flow will purchase some of the supplier's products).

- We consult with the Legal Department before engaging in transactions where Flow receives a better price for goods from a supplier than the price that supplier charges to a competing purchaser.

- We don't solicit any supplier or potential supplier on behalf of charitable, civic or other organizations when making purchasing decisions for the company. Solicitations for personal benefit are prohibited.

- We do not share a supplier's confidential business information with anyone outside of Flow or anyone inside of Flow who doesn't have a need to know.

- We discourage Flow employees from making false or misleading remarks to suppliers, contractors or customers about other suppliers, contractors, customers or company competitors, or their products or services.

You can obtain additional information on fair competition by contacting Flow's head of Global Supply Chain.
Antitrust

Antitrust law is designed to ensure that competition remains vigorous and free from collusion. As a Flow employee, you are required to comply with all applicable antitrust laws and at a minimum, comply with the laws of the United States. Employees working in marketing, sales, purchasing or acquisitions and those who participate in trade associations or industry-standard-setting groups need to be especially aware of antitrust and trade-regulation requirements.

Antitrust issues are very complex, and the laws vary among countries. Some violations of antitrust and competition laws can result in felony criminal charges and result in substantial fines for the company and fines or imprisonment for individual employees. Violations can also lead to lawsuits that expose the company to large damages and court orders restricting Flow’s operations. If you violate any antitrust laws, you will be subject to company discipline, including dismissal.

To avoid even the perception of unlawful conduct, you should avoid:

- Discussing with a competitor prices, terms of sale, costs, production, products and services, bidding practices, other non-public business matters, sales territories, market or business strategies, distribution channels or customers;
- Restricting the right of a customer to sell or lease a product or service at or above a certain price.

In addition, the following practices should not be engaged in without prior review by the Legal Department:

- Conditioning or “tying” the sale or lease of a product or service on the sale or lease of another product or service;
- Conditioning the purchase, sale or lease of a product or service on a reciprocal agreement with a customer or supplier;
- Limiting a customer as to the territories in which, or the customers to whom, a product or service can be resold or leased;
- Discriminating as to the prices or allowances offered to competing customers.

Antitrust violations look like…

An electronics manufacturer and a competitor agree to offer a US $500 rebate on the purchase of a new system. Afterwards, both companies offer such a rebate.

Several plastics companies confer and agree to set and keep their prices high.

Sales representatives at competing companies talk over drinks and agree to split customers within the territory in order to maintain “turf.”
Responsibility for managing Software Usage activities rests with every employee within Flow. Responsibility for administering this policy rests with the Managing Director at the divisions and the VP of Human Resources at corporate, along with key information management and financial management representatives at each business unit. No deviations from this policy will be authorized or tolerated within any business unit at Flow International Corporation.

**Licensing:**
Flow International Corporation licenses the use of computer software from a variety of outside companies. Flow does not own this software or its related documentation and unless authorized by the software developer, does not have the right to reproduce it except for backup purposes.

**Client/Server and Network Applications:**
With regard to Client/Server and network applications, Flow employees shall use the software only in accordance with the license agreements.

**Unauthorized Software Downloads:**
Flow employees shall not download or upload unauthorized software over the Internet.

**Knowledge of Misuse:**
Employees learning of any misuse of software or related documentation within Flow shall notify the department manager or Flow’s Legal Department.

**Copyright Law:**
According to applicable copyright law, persons involved in the illegal reproduction of software can be subject to civil damages and criminal penalties including fines and imprisonment. Flow does not condone and will not tolerate the illegal duplication of software. Flow employees who make, acquire, or use unauthorized copies of computer software shall be disciplined as appropriate, up to and including termination.

**Intended Use:**
Any doubts concerning whether an employee may copy or use a given software program should be raised with a responsible manager, such as the Chief Information Officer, General Counsel, Director of Internal Audit or the IT Operations Manager before proceeding.

**Related Policies:**
Professional Conduct Policy, Policy # GFP-001

**This policy maybe updated at any time by the IT department. Please see Human Resources for the most up-to-date version.**
Password Related User Responsibilities

Issue Date: 09/2008
Document Number: 02-254

Purpose
Passwords are a critical part of information and network security. Passwords serve to protect user accounts, but a poorly chosen password, if compromised, could put the entire network at risk. As a result, all employees and third-party users of Flow systems are required to take appropriate steps to ensure that they create strong, secure passwords and keep them safeguarded at all times.

Scope
This policy applies to all users of Flow systems who have or are responsible for a computer account, or any form of access that supports or requires a password, on any system that resides at any Flow facility, has access to the Flow network, or stores any non-public Flow information.

Policy
1. Passwords should be treated as personal confidential information.
2. Users are responsible for all activities involving their personal User-IDs and associated passwords.
3. Passwords should not be based on well-known or easily accessible personal information (do not use logon ID, name, birthday, phone number, social security number, etc.). Instead, create strong passwords with the following characteristics:
   - Use both upper and lower case characters (e.g., a-z, A-Z)
   - Use digits and punctuation characters as well as letters (e.g., 0-9, !@#$, etc.)
   - Are at least the minimum system-enforced length and if not system-enforced, are longer than 10 characters
4. If it is necessary to keep a record of a password, then it must be kept secured and if possible, where access is logged and audited.
5. Where possible, systems will enforce that account passwords will be changed every 90 days. Where system enforced 90-day password change is not available, the owner of the account will change the password manually at least every 90 days.
6. To prevent compromise of multiple systems, users should not use the same password to access multiple systems.
7. Do not use the "Remember Password" feature of applications or web browsers.
8. System administrators responsible for creating and enforcing password rules for applications administered outside of the IT Department, are to consult with IT to ensure that passwords are set up to be strong, secure and protected.
9. If a user either knows or suspects that his/her password has been compromised, it must be reported to the IT Department and the password changed immediately.

Reference Documents
Please see the IT Policies & Procedures Manual for the following policies.

02-251 Logon ID Process
02-252 IT Password Policy
02-253 Waiver From Password Policy

**This policy may be updated at any time by the IT department. Please see Human Resources for the most up-to-date version.**