

# SUSTAINABILITY REPORT 2011

Partners

New Code of  
Conduct  
for suppliers

Employees

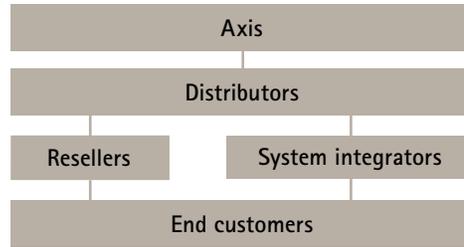
The number  
of employees  
increased by  
23 percent

Ray Mauritsson, President:

"We see sustainability as a  
long-term strategy for Axis  
and for our partners"

# Axis in one minute

Axis is the market leader in network video and a driving force behind the shift from analog to digital video surveillance, which paves the way for a more secure, smarter and safer world. Axis offers network video solutions for professional installations featuring products and solutions that are based on innovative and open technical platforms.



## Axis' business model offers a local presence

A cornerstone of Axis' strategy is the indirect sales model which is based on loyalty and long-term cooperation. Axis works in partnership with distributors, system integrators and resellers that reach the end customers. There are partners in 179 countries.

## Axis' product portfolio

Axis was the first company in the world to launch a network camera in 1996, initiating the shift from analog to digital technology.

Axis' sales are focused almost entirely on the Video product area which comprises network cameras, video encoders, accessories and application software.



**45,000**  
partners

**1,127**  
employees

Employees in almost

**40 countries**

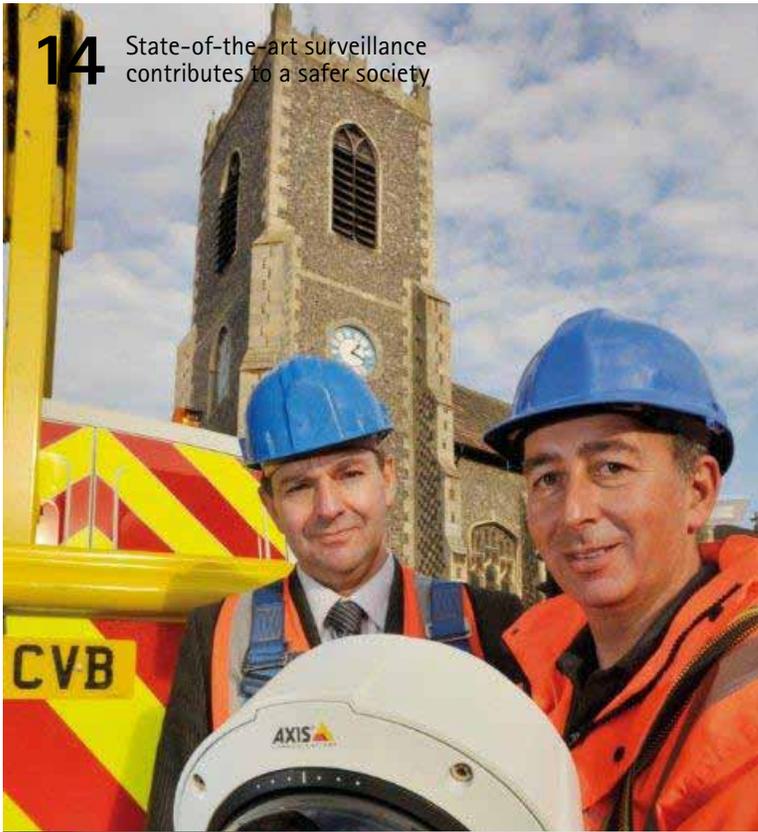
Collaboration with partners in

**179 countries**

Distributors in

**70 countries**

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Axis' Sustainability Report 2011 follows the Global Reporting Initiative guidelines level C. Further information may also be found in Axis' Annual Report 2011 and Corporate Governance Report 2011, both of which are published in Swedish and English. These reports and additional information are available at [www.axis.com](http://www.axis.com)

# Achieving sustainable growth

Axis is recognized as the driving force and market leader in the field of network video surveillance products. This is a position that we are also set to maintain in the future through sustainable growth and continuous development.

We believe that Axis makes an important contribution to society through the way our products promote safety and security for people all over the world. We also see sustainability as a long-term strategy for Axis' business operations and for our partners. As our business model means that most of the responsibility for production, distribution and installation of Axis' products lies with our partners, we actively support our suppliers, distributors, resellers and system integrators in their efforts to follow good sustainability practice.

The foundations for this business model are mutual recognition of competence and long-term relations. For example, when suppliers in Thailand and customers in Japan were affected by flooding and the tsunami in 2011, it came natural to us to assist them in different ways in their efforts to resume normal operations.

Our long-term view is also noticeable in our research and development work which has resulted in our highly competitive product portfolio. Based on life cycle analyses, we strive to reduce the environmental impact throughout all the stages in the product life cycle, in which the environmental impact of our products while in use by end customers is a major factor.

One important feature of our products is remote monitoring, for instance, which means that a customer can monitor operations remotely, thus minimizing the number of journeys to various locations and reducing the amount of carbon dioxide emissions.

## The challenge of high growth

During 2011, Axis continued to expand rapidly. Volume grew by 33 percent and the number of employees grew by 23 percent. In my view, the market for network video products still has good growth potential. Even if the short-term market outlook is uncertain due to the current global economic problems, we will continue to pursue our growth strategy involving a high rate of recruitment of new employees and establishing businesses in additional countries.

While growth is continually creating new opportunities for Axis, it poses a major challenge from a sustainability perspective. This relates in particular to the environmental area where we are striving for continuous improvements in spite of the fact that our expanding business supplies more and more products to even more customers throughout the world. A major part of our environmental efforts therefore are about developing our operations and products so that we can reduce the environmental impact from production, transports and product use per unit supplied, per ton-km transportation or per employee even if the total environmental impact may rise as a consequence of augmented sales.

## Continued improvements

At Axis, we are working in many ways to broaden and advance our sustainability efforts in order to achieve continuous improvements. During 2011, we introduced a supplier Code of Conduct and intensified both the training and monitoring of our partners in sustainability matters. Within product development we have increased focus on the products' environmental performance and we have made efforts to reduce transports and packaging. In the corporate governance area, we have strengthened our internal control and highlighted ethical issues through internal training programs. We have also taken initiatives which create more scope for innovative employees to develop personally while contributing to the development of the company.

These and other successes are described in this our second sustainability report according to the UN Global Compact initiative. We observe a growing awareness both at Axis and among our partners and during 2012 we will continue to develop our long-term efforts to achieve sustainable growth for Axis.

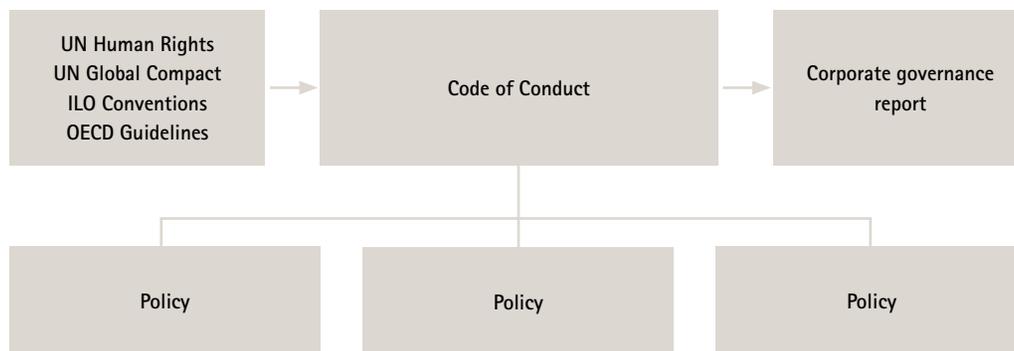
Ray Mauritsson  
*President and CEO*



We believe that Axis makes an important contribution to society through the way our products promote safety and security for people, says Axis' CEO Ray Mauritsson.

## AXIS IN BRIEF 2011

- > Volume grew by 33 percent in local currencies.
- > The number of partners amounted to about 45,000 (35,000) at year-end.
- > The number of employees increased to 1,127 (914) at year-end, corresponding to a net increase of 213.
- > A Code of Conduct for suppliers was adopted including specific requirements imposed on suppliers. The development of a Code of Conduct for distributors was initiated.
- > In addition to regular partner events, some 700 partner representatives participated in webinars arranged by Axis during the year, thus reducing travel and environmental impact.
- > Competence groups focusing on environmental matters were formed in the electronics and mechanical engineering departments.
- > The introduction program for all new employees was expanded.



# Axis' corporate sustainability

Axis is the market leader in network video surveillance products. We see sustainable development as a long-term strategy for the company and we are committed to continuous improvements.



Since the foundation of Axis, questions relating to sustainability have been a natural part of the company's operations within corporate governance, social responsibility and environment.

Axis is a global company with its own employees in almost 40 countries and with partners in over 70 countries. Axis thereby influences the lives of many people – including customers, employees, suppliers and others in society. Axis intends to create value for its stakeholders as well as build relations and take responsibility in social and environmental-related matters.

## Code of Conduct

Axis' Code of Conduct sets out the approach, values and guidelines that the company and its personnel shall apply in matters of business principles, business relations, human rights, workplace practices and environmental principles. The Code of Conduct is based on the following international principles:

- > UN's Universal Declaration of Human Rights
- > UN's Global Compact initiative
- > The ILO Declaration on Fundamental Principles and Rights at Work.

Axis became a member of the UN Global Compact initiative in 2007 and has adopted its ten principles on human rights, labor standards, the environment and anti-corruption. We always strive to continuously improve our efforts within the sustainability field. This report follows the Global Reporting Initiative guidelines level C.

## Policies and organization

In addition to the Code of Conduct, Axis has formulated a set of policies for the sustainability work. As a company listed on the NASDAQ OMX Nordic stock exchange Axis also applies the Swedish Code of Corporate Governance.

We regard sustainability as an integrated part of our business strategy and our operations. In order to support continuous improvements at all levels we have created the following organizational framework for corporate sustainability efforts:

- > The Sustainability Council has the overall responsibility for sustainability matters. Responsibilities include the implementation of Axis' Code of Conduct and related policies as well as follow-up of company activities. The council is mainly composed of representatives of the Corporate Management.
- > The Sustainability Project Group comprises representatives from the Corporate functions for Communications, Human Resources and Environment. The group is responsible for the development of the sustainability efforts in different areas and for extending the reporting to cover additional areas within the framework of the UN Global Compact initiative.
- > The Environmental Council is composed of representatives from R&D, Product Management and Operations as well as from the Management team. The Council works with general environmental issues and initiates projects aimed at minimizing Axis' environmental impact.



## Sustainability goal fulfillment 2011

Sustainability is a long-term strategy for Axis and an integrated part of our business. Acting responsibly as a company throughout the life cycle of our products and solutions is very important for us. Axis is a global company and thereby influences the lives of many people – including shareholders, customers, employees, suppliers and others in society. Axis intends to create value for its stakeholders as well as build relations and take responsibility in social and environment-related matters.

## Updated sustainability goals

Goals	2011 fulfillment
<ul style="list-style-type: none"> <li>&gt; Sustainability shall be taken into consideration throughout the entire business process, by striving to minimize environmental impact, ensuring safe and sound work environments and fighting corruption.</li> </ul>	<p>During the year, sustainability issues have been a natural part of business processes and have been taken into consideration when doing global business.</p>
<ul style="list-style-type: none"> <li>&gt; Reducing the environmental impact in the development phase as well as during transportation of the company's network video products.</li> </ul>	<p>As of 2011, Axis has an overall transportation goal of reducing CO<sub>2</sub> emissions per ton-km. During the year, Axis was able to reduce total CO<sub>2</sub> emissions per ton-km by 6 percent, from 364 g CO<sub>2</sub> per ton-km to 343 g. This was due to well-planned logistics and increased transportation by boat.</p>
<ul style="list-style-type: none"> <li>&gt; Axis' partners shall have knowledge about and be aware of the importance of sustainability. Axis' partners shall comply with applicable laws and legislation and act in accordance with the United Nations' Global Compact initiative.</li> </ul>	<p>Axis' position on sustainability issues has been a vital part of the information given to partners at conferences and meetings.</p>
<ul style="list-style-type: none"> <li>&gt; Axis shall influence and encourage suppliers and subcontractors to manufacture in line with the guidelines set by Axis.</li> </ul>	<p>A Code of Conduct for suppliers has been developed and implemented. The implementation will continue the coming year.</p>
<ul style="list-style-type: none"> <li>&gt; All employees shall act in accordance with the Code of Conduct, encourage an attractive working environment and promote diversity in the expansion of the company.</li> </ul>	<p>Sustainability has been an important element of the recruitment process as well as during introductory courses.</p>
<ul style="list-style-type: none"> <li>&gt; Axis strives to use the best environmental option for business travel.</li> </ul>	<p>Axis' employees have been encouraged to consider the most environmentally friendly option for business travel.</p>

# Axis' products and customers

Axis is the global market leader in network video and offers high quality and innovative products. The products are used for security surveillance and remote monitoring, but also in installations where they help improve efficiency in customers' business processes.

Axis' business mission is to be the driver of the shift to network video and to offer customers all the benefits of complete intelligent network video solutions. The overall goal of the company is to strengthen its market-leading position in the network video market.

## Customers and markets

The market is being driven by increased prosperity and urbanization as well as a general trend towards greater emphasis on public security. The customers are mainly found within the security sector, but also in other sectors where a need exists for remote monitoring and streamlining of business processes. Examples of such fields of application for network video are inventory management and measurement of customer behavior in the retail sector and remote monitoring within health care.

Axis sells network video products, including surveillance cameras, to distributors, that in turn sell on to system integrators and resellers. In many transactions this means that we do not meet the end customer. The legal responsibility for how systems and data are used and stored follows each country's laws and regulations and the responsibility therefore lies primarily with the user, i.e. the end customer. However, Axis works closely with its business partners to ensure that the company's Code of Conduct is understood and followed.

## Environmental impact of Axis' products

Axis' ambition is that environmental consideration shall be applied in the entire value chain, from the selection of materials and suppliers to the use of the final product and its recycling. In order to develop a clear understanding of the environmental impact of our products during their entire life cycles, Axis conducts Life Cycle Analyses (LCA) of both existing and new products on a regular basis. However, the tool is best used when all

input data from the various stages in the life cycle are available, which rarely is the case in the early stage of the development process.

The first product LCA performed in 2009/2010 provided Axis with a thorough analysis of one of our more complex products and facilitated development of an analytical tool for making life cycle analyses in a simplified manner. These analyses are not full scale, but permit calculation of the amount of CO<sub>2</sub> emitted from a camera during its life cycle and create a reference index that can be used for internal comparisons. During 2011, Axis conducted simplified LCAs on several products in Axis' product portfolio.

The LCA analyses show that a considerable part of the environmental impact during the life cycle of our products, like for most electronic products, is related to



their energy consumption during use by end customers. This may result in an overriding focus on addressing energy concerns while downplaying the importance of addressing toxicity, design for disassembly, and design for recyclability. Axis, however, believes that all stages in a life cycle are worth addressing and has therefore chosen to also evaluate the use and implementation of a "Green design tool" focusing on three major aspects of product design: material choice, manufacturing methods, and recycling/disposal at the end of product life. This tool enables environmental considerations to be incorporated at an early development stage.

### Control of material and substances

Axis aims to use materials and components which may be recycled to a large extent such as aluminum, zinc and plastic.

The main materials (weight-based) used in Axis products are:

- > Aluminum
- > Zinc
- > Steel
- > Stainless steel
- > PC/ABS (polycarbonate and acrylonitrile butadiene styrene polymer)
- > PC (polycarbonate)
- > PA (polyamide polymer)
- > PMMA
- > Rubber



**Lifetime**  
energy consumption

=



**27 days**  
of energy consumption

An average European consumes the same amount of energy in 27 days\* as the AXIS Q6032-E camera does during its lifetime. The CO<sub>2</sub> effect of the camera during its lifetime equals that of an average European in 24 days\*.

The amount of energy used by the camera during 10 years equals the amount of energy consumed by a 60 W regular light-bulb during constant use for approximately 4.2 years\*.

For a smaller camera such as AXIS M31 the total amount of CO<sub>2</sub> caused to be released by 10 years of continuous use equals that caused by an average European in less than 7 days\*.

\*Axis' LCA results are influenced by the tool itself, the assumptions made, the data used, and the boundaries drawn. This needs to be taken into consideration when comparing the result of different life cycle assessments.

Axis does not have complete information regarding the proportion of recycled material included in our products, but knows that all plastic materials are made from primary material. Some metal materials consist of recycled material but far from all and the exact figure is unknown today. An objective to be taken into account in development of future products is to increase the proportion of recycled material.

## End customer segments



### At your school

Vandalism at schools has been shown to decrease when surveillance cameras are installed. Network cameras' advantages, such as scalability and easy installation suit schools, universities and other educational organizations as the infrastructure is often already in place.

Education



### Where you shop

Network cameras in stores offer shop proprietors a good overview of e.g. warehouses or stores situated in other geographical locations. The cameras can also identify customer flows and customer behavior which may be used to adapt the store and boost sales.

Retail



### Where you work

Network cameras are deployed to effectively monitor processes and assets in factories, at building sites and in warehouses. The cameras shall be durable and capable of monitoring large areas, sometimes under difficult light conditions. Video is accessible on a computer regardless of geographical location.

Industry

## >> End customer segments



### As you get there

Network cameras are installed on buses, on trains and in stations and contribute to boosting security for employees and passengers. The cameras emit an alarm when an unexpected event occurs, e.g. if a person sets foot on an isolated area of track or if a camera is subjected to vandalism.

### Transport



### When you carry out transactions

Network cameras at entrances and over counters increase security for staff in banks and exchange offices. Installations of network cameras are becoming increasingly common in the banking sector as the technological benefits such as better image quality are helping to outcompete existing analog systems.

### Banks



### In your city

Camera surveillance helps to improve security for citizens in particularly vulnerable places and video can facilitate the production of evidence if a crime has been committed. Network cameras are gaining more and more functions that make it easier to identify and discover both people and objects.

### Public surveillance

Axis has the ambition of reducing the use of surplus materials and in 2011 the company investigated the possibility of removing one of the two domes made of polyacrylate that are included in the sales unit of the AXIS Q60 series, since the customer basically only uses one of them depending on the specific usage. By removing one of the domes in the standard sales unit we will be able to reduce the use, transportation and waste of polyacrylate by approximately 5 tons per year.

All electronic products have one or more PCBAs (printed circuit board assemblies), consisting of a board featuring several electronic components. The board itself is made of plastic and fiberglass. Besides the main plastic material, printed circuit boards also contain smaller amounts of raw materials such as copper, gold, nickel, zinc, beryllium, tantalum, coltan and other metals.

Axis collaborates with its component suppliers to ensure that all existing and future products meet the requirements for elimination of environmentally hazardous components and substances. The company meets the demands of the EU RoHS directive on restriction of certain hazardous substances in electrical and electronic equipment, as well as the EU REACH directive on Registration, Evaluation, Authorization and Restriction of Chemicals.

In addition to the legal requirements, Axis has its own list of banned and restricted substances in order to fur-

ther eliminate the number of dangerous and undesired substances in the products.

Axis requests information about the contents of all products/materials to verify compliance with applicable legislation and the above-mentioned list.

### CE marking and product non-compliance

Axis' products are CE marked and no instances of non-compliance with regulations for product and service information have been recorded.

Axis has not received any significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations. Nor have any incidents of non-compliance related to health and safety impacts of products and services occurred.

### Packaging

Axis' packaging is mainly manufactured from recycled material although for technical reasons certain parts of carton boxes, such as the outer linings, are made from new fiber. There are two types of fittings, PET plastic and PE foam. All PET fittings are made from recycled PET, whereas the PE foam usually is made from new materials. Both types of fittings can be recycled.

Optimizing the size of the packaging of our products is part of the package design process and subject to

continuous improvements. During 2011, several product packages were redesigned and improved.

During 2011, we also conducted an investigation into areas of improvements as regards transportation packages. Today Axis distributes a wide variety of product types, accessories, spare parts, documentation etc. To ensure high quality and minimize damages, packaged products are never sent to customers unprotected and are therefore either packed in transport boxes or on pallets which are then wrapped in plastics etc. Because of the varying dimensions of the product packages and the number of items of packaging, each shipment must be packed differently and the transport boxes are often filled to varying degrees as a result. The investigation resulted in a number of improvement areas (see box to the right) that will be implemented during 2012 and will lead to more efficient and environmentally sound transport.

### Products in use

Reducing the energy consumption of our products is continually in focus not only from an environmental perspective, but also from a performance perspective since the heat generated when energy consumption is high may have an adverse impact on image quality.

During the year, we reduced the energy consumption of our products by deploying several new technologies. For example, our outdoor cameras use high-grade industrial components which operate in temperatures down to  $-40^{\circ}\text{C}$ , which means that the components do not need to be heated. In our most popular outdoor cameras, we use a double shell technology, whereby an outer aluminum shell combined with an inner plastic shell serve as insulation in cold weather. In warm weather, a fan circulates air between the shells cooling down the camera. This dual shell technology is patented by Axis.

Cameras with infrared (IR) illumination use the most modern and most efficient light-emitting diodes (LEDs), which are more energy efficient than older types.

Another important factor in reducing energy consumption is to choose efficient power supplies and Axis expects that the company will progressively be able to reduce the products' power consumption by a magnitude of 10 percent by choosing more efficient power supplies whenever possible.

### End of life

Decommissioning refers to the end-of-life treatment and disposal of the cameras. Approximately 95 percent of the material in an Axis camera can be recycled or combusted, thus only 5 percent needs to be sent to landfill (according to Swedish standards).

In the end-of-life stage, the camera is disassembled automatically (through grinding) and manually. In the first step, parts containing hazardous waste, such as PCBAs (printed circuit board assemblies), are separated by hand for special treatment. The more bulky components of the PCBA are then removed, the board is melted down and precious metals such as gold are recycled. The grinder separates parts by using magnetism and density. Aluminum, zinc, copper, steel and stainless steel are melted down to be reused as raw materials. Plastics are either recycled to be reused in plastic products or are used to produce energy.

In order to facilitate recycling, sufficiently large components have a marking indicating their materials content. In general, Axis products are easy to disassemble having been designed to facilitate repairs. In order to evaluate further improvements in product design for recyclability, a "Green Product Design" project was initiated in early 2012.

Axis' products are covered by the EU's WEEE directive (Waste Electrical and Electronic Equipment), which among other things, means that the manufacturer/importer of electronics has a responsibility for ensuring that waste can be collected separately. As manufacturer, Axis is responsible for marking its products with a symbol that collection shall take place.

### Non-compliance

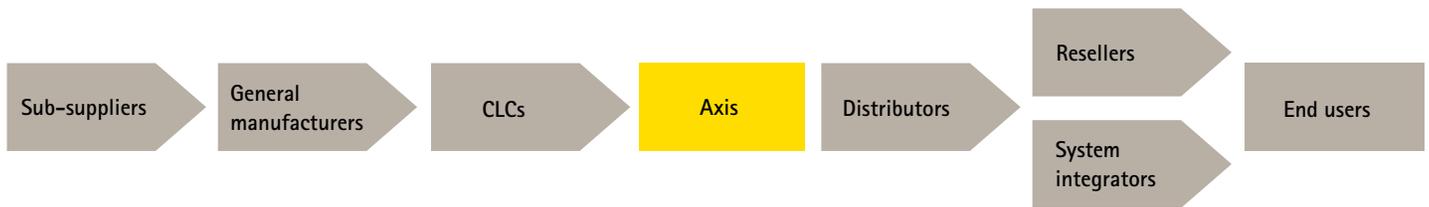
No instances of non-compliance with regulations for product and service information have been recorded. Nor have any incidents of non-compliance related to health and safety impacts of products and services occurred.

## -48 percent

### Optimizing packaging

During 2011, Axis optimized the packaging of one of our most sold and largest products, the AXIS Q-60 series. By optimizing package design, changing the fitting material from Stratocell foam to a more environmentally adapted type of plastic well and removing unnecessary accessories we were able to reduce the size of the package by 48 percent. This has and will continue to result in shipping of smaller packaging volume and less weight which leads to more efficient and environmentally sound transport.





# Axis and society

Axis is the driving force and competence leader as regards network video products. We are very much aware of the need to conduct all parts of our business in a sustainable and ethical way in order to gain the long-term support of customers, partners, employees, investors and society at large.

Axis has adopted a business ethics policy for the purpose of conducting business operations in a responsible manner. Among other things, this policy states that Axis shall not pursue business practices which are not in accordance with applicable local or international laws and regulations or conduct business related to the use of products in weapon systems, the sex industry or in the promotion of drugs. We verify our ethical decisions with colleagues and managers at a local level and promptly refer unclear or conflicting cases to our Business Ethics Council.

On the subject of anti-corruption, Axis' Code of Conduct states that the company shall compete fairly and in full accordance with applicable laws. Corruption, bribery and unfair anti-competitive actions are not accepted. All employees are expected to promote, contribute to and uphold the company's values, integrity and responsibility.

Axis has drawn up an Export Control Policy and has established an organization with the responsibility for ensuring that export control rules and regulations are implemented and are dealt with in a consistent way. Every deal with countries which are subject to export restrictions is assessed individually and stopped in cases where it obviously does not comply with the rules in force. This is handled within Axis' Operations organization, which in doubtful cases, raises the matter for determination by the company's management team.

## Partners

Axis has 45,000 partners worldwide and supports these through different partnership programs with the goal that the company's end customers should be at the cutting edge as regards their security installations. In this connection, Axis pursues close collaboration through a

set of different partner programs, which include training and information about sustainability issues as well as Axis' Code of Conduct and relevant policies.

Axis' network video products are based on an open standard platform, enabling others to participate in the development of new products, solutions and application areas for Axis' technology.

## Suppliers

All production of Axis' products is carried out by contract manufacturers. Axis designs and develops the products; selects, contracts and certifies component suppliers; supports the contract manufacturers in establishing efficient production processes and monitors the performance of suppliers. The supplier model is based on close and long-term relationships, which also allows for a good insight into the supplier companies and full transparency regarding where and how our products are manufactured.

Axis can directly influence the first chain of subcontractors through a careful supplier selection process and supplier contracts. Further back in the supplier chain – i.e. supply of bulk components – it becomes increasingly difficult to exercise control apart from component specifications.

In some production countries there is a lack of adequate legislation in the areas of environment, chemicals, labor rights, child labor etc. In other cases there are laws, but enforcement and control are insufficient. Axis has therefore adopted its own policy and requirements covering these critical areas – Axis Supplier Code of Conduct – which all suppliers are required to sign and

follow. We continuously monitor suppliers to ensure that they comply with these requirements. We also perform supplier audits which include inspections at the factory (including dormitories) as well as interviews with management and workers.

Today, we have screened about 50 percent of the suppliers that are considered crucial. Crucial suppliers refers to suppliers located in risk countries based on The Business Social Compliance Initiative's (BSCI) definition.

In February 2011 Axis held its first supplier conference at which environmental issues and Axis' Supplier Code of Conduct were two of the focus areas.

### Investors

Axis' shares are listed on NASDAQ OMX Nordic, Mid Cap segment and the number of shareholders at year-end was 16,597 (17,459).

As a listed company, Axis also applies the Swedish Code of Corporate Governance. It is the company's ambition to continually provide the financial market, owners and other stakeholders with correct, consistent and relevant information with the aim of increasing understanding of the company and to comply with the regulations for listed companies. Information about sustainability issues is part of these communication activities.

In the corporate governance area, we have strengthened our internal control during the year and we have emphasized different ethical issues in our training programs including the handling and dissemination of price sensitive information.

### Society at large

Axis foremost contribution to society is that our products promote safety and security for people all over the world. We base this statement on surveys\* which show that surveillance cameras contribute to crime prevention and to solving criminal actions and also on the fact that a majority of the public are positive towards surveillance cameras.

However, in line with the increasing number of surveillance cameras in society, a discussion has arisen regarding how surveillance systems affect personal integrity. Axis' view on the matter is that a surveillance system in itself cannot violate personal integrity and that the issue is rather about how systems are used and data protected and stored. Nevertheless, as with all kinds of equipment, such systems can be misused. Axis therefore places great emphasis on the selection of partners and resellers in order to ensure that our products are not misused. Other measures to avoid misuse include technological innovation, compliance with international guidelines and voluntary best practices.

### Local commitment

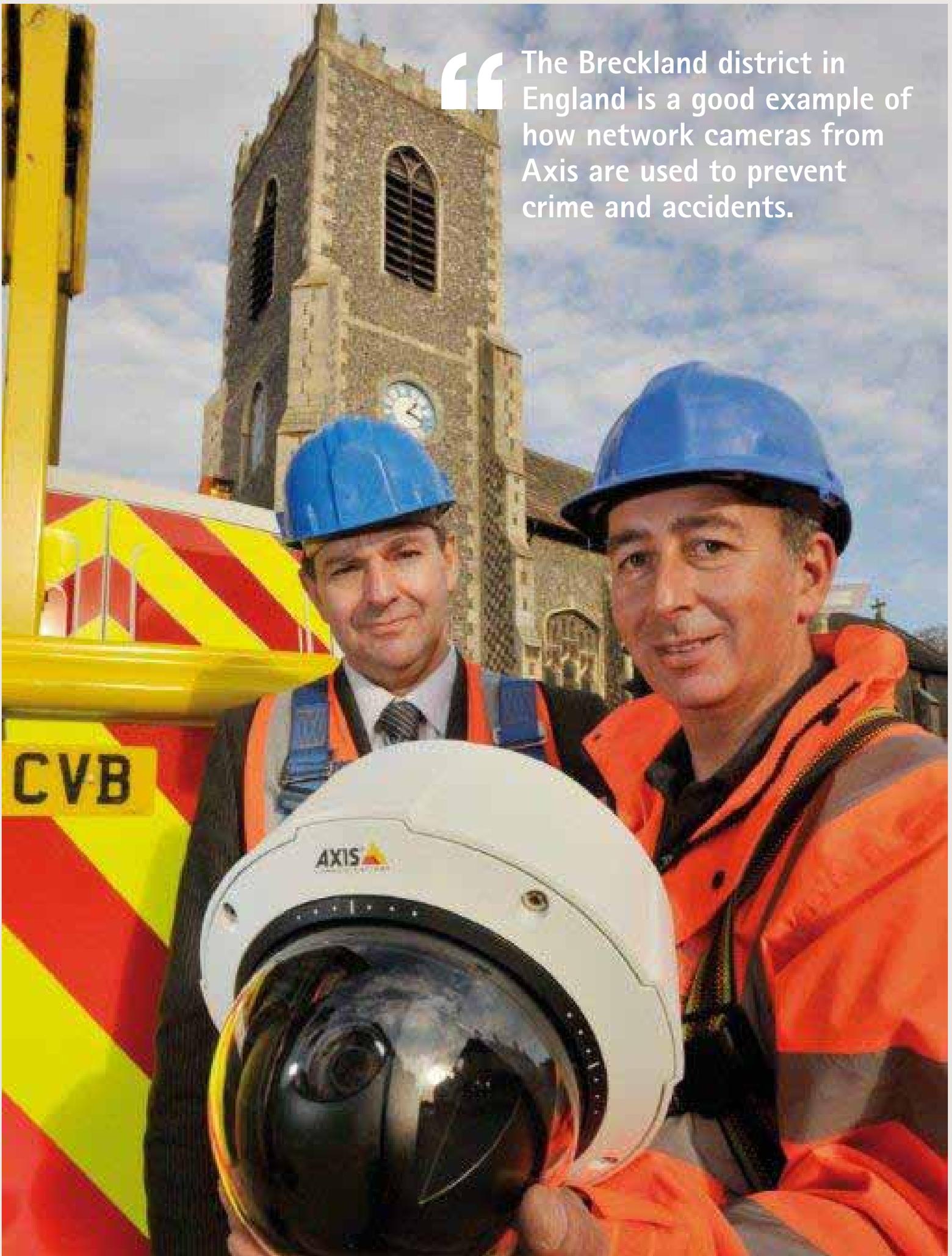
Axis is careful to conduct its operations in harmony with society generally and to maintain good relationships with politicians, authorities and other social institutions. This also includes activities at a local level, mainly in Lund, where Axis' main operations are located. Among other things, Lund Municipality works towards national and local climate and energy targets. Axis participates in these efforts through Lund Climate Alliance, an association that includes a number of local companies and is run in cooperation with the International Environmental Institute at Lund University and Lund Municipality.

\* Report 2007:29 *Camera surveillance and crime prevention*, The National Council for Crime Prevention in Sweden.





The Breckland district in England is a good example of how network cameras from Axis are used to prevent crime and accidents.



## City surveillance

# State-of-the-art surveillance contributes to a safer society

The Breckland district in England is a good example of how network cameras from Axis are used to prevent crime and accidents. In addition, the cameras help ensure that the resources of the community can be directed where they are needed most in order to maintain the citizens' security

Covering an area of about 500 square miles, Breckland is made up of the five market towns of Attleborough, Dereham, Swaffham, Thetford and Watton and also a number of industrial areas and rural communities. Having introduced a CCTV system in the mid-90s, the Breckland District Council was keen to upgrade the system to one that would make images taken across the region easy to locate and share. They also wanted a system that was cost-effective and that offered flexible monitoring.

The district council chose an IP-based surveillance system based on Axis cameras, which was seamlessly digital from the camera through to the transmission network and the recording platform, using wireless technology. The system also included a number of rapid deployment Axis megapixel cameras which can be placed in 'hot spot' areas whenever required.

The cameras deliver high resolution image quality, coupled with high frame rates which are very important when dealing with fast-moving objects such as cars and varying light conditions. One of the biggest benefits is that in the event of an incident, the local police have the opportunity to save time and resources by viewing images remotely, avoiding costly travel which impacts on the environment.

The Breckland approach is one of many examples illustrating how Axis' network cameras can contribute to a safer society. In addition to city surveillance, Axis cameras are also used in schools, universities, sport venues, banks, hospitals and in public transport systems in countries all over the world.

The European Commission Standard Eurobarometer published in 2010 reported, among other things, that 17 percent of the population in the European Community view reducing crime to be the most important issue at a national and personal level\*. It is also worth noting that a number of studies in various countries in recent years show that crime has decreased at places which have been placed under surveillance\*\*.

**"The local police can save time and resources by viewing images remotely"**

\* European Commission *Standard Eurobarometer 73*, 2010.

\*\* One of these is Report 2007:29 *Camera surveillance and crime prevention*, The National Council for Crime Prevention in Sweden, based on surveys carried out in the US, Canada, Sweden and Norway.



# Axis as a workplace

Axis is a rapidly growing global company with local presence in close to 40 countries and partners in more than 179 countries. Our ability to offer an attractive workplace to the people we need and want to recruit is vital for our continued growth. So is our ability to make employees want to stay, prosper and perform well in order to meet the high expectations of our customers.

The rapid increase in new employees of 23.3 percent during 2011 is a reflection of the overall growth and the demand for Axis' products. Axis puts a lot of effort in finding the right people and successful recruitment will continue to be of vital importance for our ability to grow and develop as a company. Employee retention, the ability to offer an attractive workplace and keep employee turnover low, will become increasingly important as competition for qualified people intensifies.

Fast and smooth introduction of new employees is another area which Axis prioritizes in order to stay competitive. All new employees participate in an introduction course and more and more local and structured introduction programs are being developed and implemented in the regions. During 2012, we will also launch a web-based introduction program.

## Core values guide the way

Axis has three core values that guide decision-making and behavior; "act as one", "always open" and "think big". The core values intend to keep employees focused on reaching goals and on building an organization to be proud of.

Ensuring that the entire organization acts according to Axis' core values is a key factor which we believe is closely linked to our success. The company's core

values are an important topic during recruitment and introduction of new employees.

## Continuous rapid growth of new employees

During 2011, the number of employees increased to 1,127 (914), representing a growth of 23.3 percent (18.1 percent). Of the employees, 74 percent are men and 26 percent are women.

Axis' operations are divided into three different sales regions and the company's headquarters including R&D and all support functions are situated in Lund, Sweden. Thus, the majority of Axis' employees are employed in Sweden: 64 percent in 2011 (62). Although corporate policies apply to Axis as a whole, specific practices may vary between different countries due to national legislation and other local conditions.

Employee turnover increased from 6.4 percent in 2010 to 7.2 percent in 2011. In order to maintain our success in growing the organization we need to further develop our efforts in recruiting, developing and retaining our people. We believe that informal top management, increased focus on developing leadership support and more localized HR support will be some of the efforts required in order to create an even more innovative and attractive corporate climate and thus contribute to employees staying with Axis for a longer period of time.

## Axis' core values

### Act as one!

We are helpful, dedicated and responsible in order to create an innovative work environment, beneficial for our employees and customers.

### Always open!

We embrace change, think outside the box and promote an open and transparent organization. This is fundamental to us in order to be number one in a market that is constantly evolving.

### Think big!

We are growing and need to plan for the future in every decision we take. We need to be one step ahead at all times, we are the market leader and we shall drive the development.

Rates of injury, occupational diseases, lost days, absenteeism and the number of deceased are handled locally in accordance with local regulations. All injuries, occupational diseases and fatalities connected to work/working conditions are to be reported to corporate headquarters. Travel insurance and risk management are handled on a global basis with central processes.

#### Informal leadership, openness and dialogue

The aim of building a corporate culture based on Axis' core values is expressed in many different ways and activities. Openness and transparency are the foundation for how Axis works.

For instance, the introduction program for all new employees is continuously developed to meet current demands and needs. During the introduction program, management and employees have the opportunity to meet and interact. Thus it is a good way for the management to get to know new employees and collect feedback on the introduction process and how the company is perceived. It also establishes an important platform for our way of building a flat organization with an open environment, promoting creativity.

During 2011, the program Innovation X was launched to stimulate creativity and increase speed in innovation (see page 27). Creative employees get an opportunity to step out of their normal jobs to explore and develop their ideas. The program adds to the perception of Axis as an open and creative environment where employees can grow and contribute to the growth of the whole company.

In Sweden, where most of Axis' employees are based, monthly meetings are held where employees get information from top management and other key people in order to stay ahead of the competition and have dialogues on important topics.

A new intranet is being introduced, which will gradually give employees at all Axis sites new opportunities to

obtain fast and relevant information, improving cross-functional transparency, collaboration and knowledge sharing.

#### Training and development

In order to support the expansion of Axis and increase our knowledge, we must develop and engage our employees. Our goal is that all Axis employees receive annual performance and career development reviews.

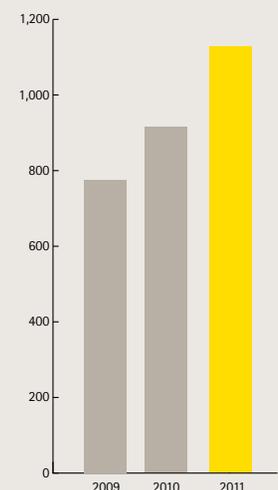
During 2011, the follow-up of the performance and development process has been in particular focus in order to obtain maximum quality. Managers have received support to be able to perform reviews with their employees in an optimal way. However, with 90 percent (88 percent) of our employees having received a performance and development review during 2011, results have not been as good as expected and we will continue to follow up these efforts during 2012 in order to reach our goal.

Employee training and development is matched to the employees' needs and potential. An international leadership program was run successfully and a new round has been initiated with new potential Axis leaders. The content is being developed and adapted to suit the demands of Axis – and to reflect the feedback from former participants. In addition to supporting the development of leadership skills among new managers, the program also expands their global network with a view to improving cross-border collaboration.

#### Human Resources to support expansion

The Human Resources function in recent years has been developed into a global organization with the overall purpose of supporting expansion in all Axis' markets. All markets need to be able to handle recruitment, training and the implementation of core values in a structured and uniform way, which means that the HR function is increasingly being adapted to support the local businesses.

Number of employees during the last three years



Over the past three years, Axis has increased the number of employees from 774 to 1,127.

### Employee benefits

Axis aims to offer a compensation package that is competitive in the local market, enabling employees to feel motivated. Terms and conditions are generally handled on an individual basis between employer and employee.

All employees in Sweden are covered by the collective bargaining agreement (Teknikavtalet) setting the central standards, while at a global level 65 percent of the total workforce is covered by such agreements. The Swedish collective bargaining agreement along with Swedish law regulate employee/employer relations such as working time, minimum notice period, employee influence and regulations regarding employment and termination of employment etc.

Full-time and part-time employees have an expanded health plan and are part of an annual bonus program. A health and safety committee in Sweden covers 64 percent of the total global workforce.

Providing a good and safe environment in compliance with local laws and regulations is important for Axis. Axis' health and safety matters are regulated in formal agreements with trade unions in Sweden.

### Code of Conduct

Axis' Code of Conduct states that all employees are to be treated with respect and dignity. The company shall promote diversity and not engage in or support discrimination in matters of hiring, compensation, access to training, promotion, or termination based on ethnic or national origin, caste, religion, sex, age, sexual orientation, physical disability, union affiliation or political opinion.

The Code of Conduct also states that a safe and healthy working environment shall be provided for all employees in compliance with international and national laws.



# Growing with Axis

Axis has continued to grow rapidly over the last couple of years, both in terms of revenue and new employees. Ensuring that new employees feel part of the company as quickly as possible and choose to stay and grow in the company will become even more important in the future as competition for talent increases.

Atul Rajput, a Business Development Manager who joined Axis fourteen years ago, in 1997, is one of the many employees who have stayed for quite some time.

"Axis was in a start-up phase in the UK when I joined the company, which offered new tasks and challenges, but also demanded flexibility. I was willing to do many different tasks, embraced the opportunities and learnt many things," says Atul.

Axis is a different company now compared to when Atul joined. He feels very excited about having been part of a real technical evolution – the shift from analog to digital.

"Axis has given me opportunities to grow and try new things. The company is dynamic and innovative and I have a high regard of what Axis does. Those are the main reasons why I have stayed for so long," explains Atul.

Axis' core values have been important in defining the required behavior and in clarifying what is expected of employees. The values are the glue that holds the business and employees together. And it is more than just fancy words.

"I strongly believe in the core values of Axis," says Atul. "The lack of hierarchy, the freedom of expression and that you can actually speak to the management – that just would not happen in an American company. All of this contributes to the innovative and dynamic climate that I enjoy so much at Axis," Atul continues.

However, Atul also acknowledges the challenges ahead. He thinks that better clarity in explaining why to choose Axis as a workplace will be needed. He also emphasizes the importance of integrating all the people that have started recently, and also those who will join the company in the future.



## KEY FACTS

Atul Rajput  
 Position: Business Development  
 Manager Retail, Northern Europe  
 Age: 40  
 Location/country: United Kingdom  
 Joined Axis: 1997  
 Career with Axis: Technical support,  
 Technical sales manager, Key account  
 manager, Retail business development  
 manager – Northern Europe, Manager  
 business development – Northern  
 Europe

"I think we need to highlight the fact that Axis is still a growing company to potential employees. And that it is an exciting and interesting company to be part of which can offer great opportunities to grow as a person. However, I also think we need to be honest about the less positive aspects to ensure the right recruitments. Sometimes working at Axis involves a heavy workload and lot of travel," he explains.

Atul also stresses the importance of good leadership. "We need to be aware of and identify our high performers. Even if you cannot always offer a new career move, you can have a dialogue with people. Recognize good results and make sure people feel valued," says Atul.

One of the areas that Atul thinks need to be improved, in order to provide employees with better career support, is training. Axis offers mainly skills and product-related training, and also introduced a leadership program last year, which is by appointment and invitation only.

"Leadership skills will become increasingly important as Axis continues to grow. The new leadership program is great, but I would like to see a wider program for a larger number of managers to meet the demands and stress the importance of this area. I think it represents the key to staying competitive," Atul points out.

**"Leadership skills will become increasingly important as Axis continues to grow."**

Atul Rajput



# Axis and its operations

Axis' own operations have a limited environmental impact. This is related to the fact that all production of Axis' products is carried out by contract manufacturers. The focus of the sustainability work in the operations area is on ways of reducing the carbon footprint of the company and on placing stringent demands on our suppliers.

Axis' first Carbon Footprint report was finalized in February 2011 and a new report was finalized in February 2012. The main purpose of the reports has been to identify Axis' emissions of greenhouse gases pertaining to different activities and areas and to provide a better understanding of where to initially focus our efforts. Other factors such as the influence and impact of Axis in relation to Sweden's Environmental Quality Objectives have also been analyzed and evaluated.

The 2012 Carbon Footprint report focuses on emissions related to facility energy consumption, company cars, business travel and paper consumption. The report is based on data from 2009, 2010 and 2011 collected from the corporate headquarters, the Configuration and Logistics Center (CLC) in Lund and Axis' regional offices. The report also includes emissions from all outbound and inbound freights controlled by Axis. The choice of system boundaries has an impact on the results of the analysis, which needs to be taken into consideration when comparing Axis' results with those of other Carbon Footprint reports.

In 2011, the largest source of emissions was outbound third-party deliveries, which represented 52 percent of the total emissions. The US still has the highest emissions per employee, 8.9 tons CO<sub>2</sub>e. However it should

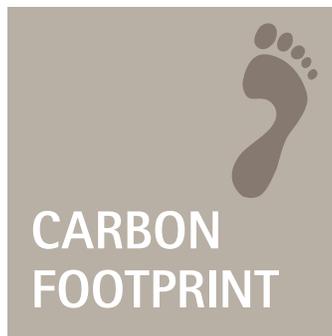
be noted that the US regional office has decreased its emissions by 30 % in 2011 compared to 2010. CLC 1 in Lund has the lowest emissions per employee.

## Reducing Axis' carbon footprint

During 2011, an action plan defining a program of action to reduce the company's greenhouse gas emissions was drawn up and adopted. In the case of outbound freight transports, which cause the greatest environmental impact, a measurable target and action plan to reduce CO<sub>2</sub> emissions has been in place since 2009. For more detailed information see the Logistics and transportation section. Although Axis has grown as a company, including considerable increases in the number of employees and product sales as well as the extension of facilities, the total footprint of Axis' corporate operations only increased by approximately 6 % from 10,366 tons CO<sub>2</sub>e\* in 2010 to 10,946 tons CO<sub>2</sub>e in 2011. In 2010/2011 the increase was 28 %. Axis' sales increased by 33 percent during 2011, which indicates that the total amount of emissions relative to sales decreased compared to 2010. Emissions per employee have decreased from 11 tons CO<sub>2</sub>e to 9.4 tons CO<sub>2</sub>e.

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\* CO<sub>2</sub>e, carbon dioxide equivalents, is a measurement for describing how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide (CO<sub>2</sub>) as the reference.



## Regional office reduces its carbon footprint by 30 percent

Though the environmental impact from Axis' headquarters and regional offices is quite limited, continued efforts are being made to reduce this impact.

In 2011 Axis' office in Boston moved to a new building. It is a LEED (Leadership in Energy and Environmental Design) Silver certified facility which means that the building has been designed in a sustainable way with energy efficiency and other environmental factors in mind. This had a positive effect on the US office's carbon footprint, CO<sub>2</sub> emission have been reduced by 30 %.

Another example: During 2011 the Regional office for North Asia was able to reduce its carbon footprint related to paper and energy consumption by:

- > Recycling used paper and printing on both sides of the paper.
- > Turning off electricity when no one was present.
- > Reducing the use of paper cups and disposable chopsticks.

Emissions generated by our employees (i.e. all activities excluding emissions from freight transports) have also decreased from 4.5 tons CO<sub>2</sub>e per employee to 2.8.

During 2011, approximately 70 percent of the greenhouse gas emissions were caused by outbound freight transports, thus such transports are the main contributor to the emissions. Business travel is the second largest contributor, representing 22 percent of emissions. Although personal meetings constitute an important business activity at Axis, substantial efforts have been made to limit travel by using webinars and other means of communication. Thus during 2011, video conferences were held involving a total of 7,000 participants all over the world, implying substantial reductions in the number of business trips on behalf of both Axis and its partners.

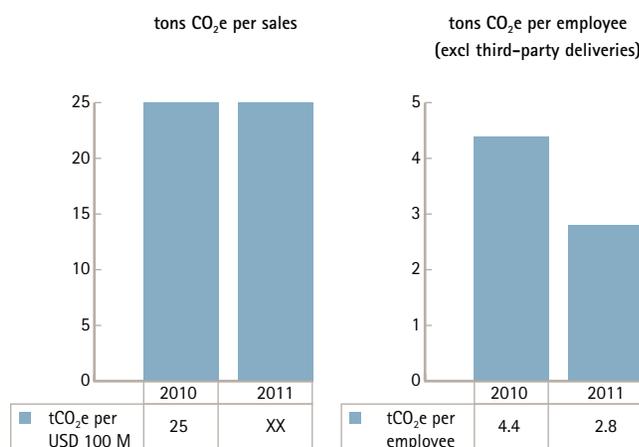
In 2012, Axis will invest in a new video conference system which is expected to further reduce business travel. A target has also been set to increase the proportion of travel by train in relation to air travel on the domestic Malmö/Lund–Stockholm route.

## Logistics and transportation

Products are sold via an indirect distribution model, whereby Axis' sales take place in the first stage to distributors. They stock the products and supply them to system integrators and resellers who are the partners that meet the end customers. All in all, Axis has some 45,000 partners worldwide.

Axis has five Configuration and Logistics Centers (CLC), one each in Hungary, Thailand, the US and Sweden and one in the Czech Republic which was established during 2011. Axis only manages the Swedish center while the others are operated by other companies. High volumes of products are bulk packed and shipped from contract manufacturers to Axis' CLCs where software and accessories are added before the products are individually packed and shipped to our customers.

The mode of transport is largely determined by the requirement for short lead times for deliveries. Inbound components mainly go by ship and road transport.





Outbound transports within Europe principally go by road, while in the case of the US, they mainly go by air.

As of 2011, Axis has an overall transportation goal of reducing CO<sub>2</sub> emissions per ton-km. In the first instance, this is a question of reducing CO<sub>2</sub> emissions in connection with the outbound and inbound transport of goods controlled by Axis itself.

In 2011, Axis was able to reduce total CO<sub>2</sub> emissions per ton-km by 6 %, from 364 g CO<sub>2</sub> per ton-km to 343 g.

In order to obtain a more detailed picture and to pinpoint areas where action is needed, Axis' monitoring of CO<sub>2</sub> emissions is divided into outbound and inbound transportation. Monitoring of CO<sub>2</sub> emissions from outbound transports takes place as regards grams of CO<sub>2</sub> per ton-km and of CO<sub>2</sub> in relation to units shipped.

	2009	2010	2011
<b>Emissions from outbound transports</b>			
kg CO <sub>2</sub> per shipped unit	7.1	8.4	9.3
g CO <sub>2</sub> per ton-km		534	551
<b>Emissions from inbound transports</b>			
g CO <sub>2</sub> per ton-km	113	155	159

In 2011, we reviewed the method for calculating CO<sub>2</sub> related to outbound transportation. We found deficiencies in the previous calculation method and the method has been modified accordingly. We recalculated the figures for 2010 and the correct figure should be 8.3 kg per shipped unit instead of 7.8 kg.

The CO<sub>2</sub> emissions per unit in 2011 amounted to 9.3 kg per shipped unit. The increase in emissions from outbound third-party deliveries can be explained by the fact that Axis expanded the scope of the reporting in 2011 to include transports related to our new CLC in the Czech Republic and additional outbound air freight from the CLC in Hungary. Outbound air freight was only included for part of 2010 since these transports were not controlled by Axis.

Other factors that have a negative impact on the trend for CO<sub>2</sub> emissions per shipped unit are air travel distances and product weight. Axis' product portfolio in 2011 included more heavy products which meant more CO<sub>2</sub> per shipped unit. When it comes to travel distances, other regions have grown faster than Europe, therefore the proportion of long distance transportation has also increased. CLC3 is the largest CLC and has the highest level of air freight and long distance air freight. Since the scope of CLC3 has expanded and air freight is included for the full year 2011, this will have a negative effect on the CO<sub>2</sub> emissions data compared to 2010.

Emissions from inbound transports are based on CO<sub>2</sub> data supplied by our transport company. They are measured in grams of CO<sub>2</sub> per ton-km since the number of shipped items is not available.

When reviewing the data from 2010, Axis found an error in one of the reports from our transport companies and this resulted in an increase of CO<sub>2</sub> emissions for 2010. Emissions from inbound transports increased slightly

### Optimizing supply chain and packaging

A new supply chain set-up was evaluated for some of our M-line products during 2011, resulting in a change of means of transportation from air freight to boat. This is expected to decrease the carbon footprint from those specific products by approximately

**> 90 percent**

After investigating the product packaging we were able to reduce the package size by up to

**54 percent**

in 2011 compared to 2010. However, the increase was insignificant bearing in mind that we faced some major challenges in 2011, such as the flooding in Thailand, where a lot of inbound transport which usually takes place by boat, had to take place by air.

Axis is continually working on minimizing emissions from transportation and optimizing the logistics flow. One step towards reducing freight emissions was the initiation during 2011 of a project to examine how Axis can optimize its product packaging and also to review the logistics flow for a specifically selected product series. The project will enable us to lower the environmental impact of our transports through improved logistics and reduced packaging volumes.

### Energy consumption Lund

The facilities of Axis Communications where 64 percent of all employees are located are supplied with electricity from external companies and the energy mix varies depending on the location. Axis purchases "green electricity", which means electricity produced only from renewable energy sources such as biofuels, solar, hydroelectric or wind power. Green electricity is considered to be CO<sub>2</sub> neutral.

The energy consumption of the facilities in Lund is also included in our Carbon Footprint study.

The total energy consumption has increased slightly from 2010 to 2011, as a consequence of an increase in the number of employees and extension of the premises.

As Axis rents all its premises, major investments to reduce energy consumption must take place on the initiative of the landlord. However, during 2011 some improvements were made to the facilities at Axis headquarters. One of which was to change chillers for server room cooling to a "free cooling system", a method based on reverse valuation principles of a heat pump system. The investment cost SEK 1.6 M and will reduce the electricity consumption of the chillers by 30 percent. Axis has also invested SEK 50,000 in replacement of traditional lighting with LED lighting and this work will continue.

### Materials

The environmental impact and consumption of materials by Axis' own operations are mainly related to the use of office supplies. However, since the usage of copying paper is a part of our Carbon Footprint, a target for reductions in usage per employee in Lund has been set. In 2011, the Lund office implemented double-sided printing as a default setting on more or less all printers, contributing to a reduction in the use of copying paper by 2.5 kg per employee from 10.6 kg in 2010 to 8.1 kg in 2011.

### Manufacturing

Axis currently collaborates with four contract manufacturers and approximately 100 strategic component suppliers. Contract manufacturers operating in Thailand, Poland, Slovakia, China and South Korea are responsible for production of Axis' PCBA (printed circuit board assembly) and the assembly of complete products. The strategic component suppliers are located all over the world.

# Study highlights the need for sustainable commuting

During 2011, Axis conducted a study of the commuting habits of its employees in cooperation with Lund Municipality. About half of the total number of employees work in Lund, which corresponds to almost 700 employees, and the response rate was 73 percent.

The study showed that employees living in Lund to a large extent already use a sustainable method of commuting to work, such as walking or cycling. However, many of the employees live in neighboring areas and commuting by car is quite common among them. On the other hand, there is good potential for more sustainable commuting since as many as 18 percent of employees state that they want to reduce their present car use.

In total, employee commuting amounts to 5,610,000 kilometers per year, or about 8,400 kilometers per em-

ployee. This results in about 685 tons of CO<sub>2</sub> per year or about 1 ton per employee.

The study also included domestic business trips, and indicated that use of train instead of flights is a potential area of improvement.

Based on the study, Axis has developed an action plan in order to achieve a reduction in car use, an increase in the use of train for business trips and to promote greater participation among employees in the environmental efforts. Concrete actions in the plan are, among other things, to facilitate the servicing of bikes at the company facilities, to always present an alternative proposal for business trips based on the use of rail transport and to install screens at the company premises showing current schedules for public transportation.

**"As a result of the study, we developed an action plan in order to achieve a reduction in car use"**

Jenny Svensson, Environmental Engineer



For many years, every new employee at Axis in Lund, Sweden, has received a bicycle in order to encourage the use of sustainable transportation.

Die casting, plastic molding, sheet melting etc. require use of energy, water and chemicals and generate emissions to air and water. Therefore there is a risk of pollution and waste of resources where production occurs as well as a work environmental risk in connection with the handling of hazardous chemicals.

Axis therefore demands suppliers to control emissions, energy use, handling of chemicals and waste and to have necessary water and air purification systems in place. When inspecting suppliers' factories, we check compliance with these requirements. Axis requires that all suppliers have knowledge of environmental issues, have identified their environmental impact and that they are also working to reduce the impact in relation to measurable and realistic targets. We also prohibit our suppliers from using harmful chemicals through Axis' List of Banned and Restricted Substances.

## Water

Data has only been collected for Axis' facilities in Lund, where most of the employees are located. The facilities use municipal water supplied by Lund Municipality. The water withdrawal sources are not designated as protected areas (nationally or internationally) and have no specific biodiversity value. Axis uses no process water, only water for housekeeping, drinking, toilets etc. Consequently, no water recycling takes place.

The total amount of water used has increased from 2010 to 2011. Consumption per employee has also slightly increased.

## Biodiversity

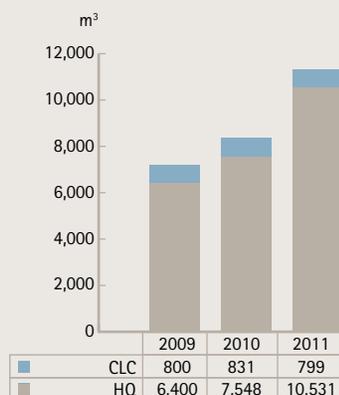
Axis does not own, rent or manage land. Nor does the company have any activities in places identified as protected areas of high biodiversity value outside protected areas.

## Chemicals and Waste

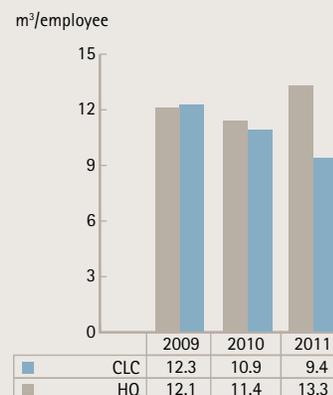
Waste from Axis' facilities in Lund is collected by Lund public cleansing department, which is responsible for waste management in Lund Municipality. All waste management is executed in compliance with national legislation.

Although the amount of non-hazardous waste has increased at the headquarters in Lund, 36 percent of this waste was recycled during 2011 according to Lund public cleansing department, an increase of 3 percent. 63 percent was incinerated and 1 percent was used for land fill. The CLC has reduced both the amount of non-hazardous waste and hazardous waste (see chart below). The portion of non-hazardous waste which was recycled also increased slightly from 76 percent in 2010 to 78 percent in 2011. 22 percent was incinerated and no waste was used for land fill.\*

**Total amount of water used**



**Amount of water used per employee**





The non-hazardous waste at Axis' headquarters mainly consists of household waste. Non-hazardous waste at the CLC mainly consists of corrugated paper, which explains the difference between the amount of recycled waste at the CLC and at headquarters.

Axis is a growing company and needs to continually work on reducing the amount of waste by increasing the awareness of our employees and improving management of resources. During 2011, recycling bins for metal and glass were placed on all floors to facilitate and increase recycling. Similar improvements have also been implemented in the main canteen.

### Non-compliance

Axis has not received any significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

\*Data has only been collected for Axis' facilities in Lund, where most of the employees are located.

### Non-hazardous waste



### Hazardous waste



# Passionate about innovation

Axis' products are at the technological cutting edge within a number of areas, including image quality, network reliability, ease of installation and user-friendliness. The process of developing a new product or function normally starts with comprehensive business intelligence in order to identify future market needs. However, in order to promote innovation in a broad sense Axis has introduced a program which encourages all employees to contribute ideas.

The new program is called Innovation X and it is inspired by other companies' experiences of creating innovative environments and by experts assessing and evaluating business ideas. The idea behind the initiative is that any employee should be given the opportunity to step out of the normal job for a while and get time to develop completely new ideas.

The initiative is promoting innovation in a broad sense, not just ideas that are product-related, and all employees can apply to participate.

"Creative coworkers get a chance to explore an idea, even something that might be far from their ordinary job at Axis today. However, it must create value for Axis as a company or for Axis' customers and constitute a real change," explains Peter Lindström, one of the initiators.

So how does it work? The innovator presents the idea to a panel of experts at Axis and if it is approved by the top management, he or she gets between one and six months to develop a proof of concept on something concrete and valuable.

When the time is up, the innovator presents the proposal at an internal meeting. If it passes the test and is considered to be worth developing, a function of Axis will take ownership of it and make sure it happens and is integrated as part of normal operations.

Since Innovation X started one year ago there have been some fifteen proposals. Two of them were approved and were recently presented as proof of concepts. One of the ideas was an app consisting of a couple of web tools, simplifying selection of the right type of camera for different uses, making life easier for both customers and partners of Axis.

The other idea was an interactive introduction program for new employees to complement the existing introduction program which allows all new employees to visit the head office for training. The idea is that new employees should complete an interactive program before visiting Lund for the first time in order to make it possible to address other issues and have improved discussions as participants will already have gained basic information about Axis before travelling to Lund.

**"Innovation X is a win-win program for Axis and for the individual employee."**

Peter Lindström

# Reporting

Axis AB, company registration number 556241-1065, is a Swedish company and parent company of Axis Communications AB. The headquarters is in Lund, Sweden.

This sustainability report is focused on sustainability efforts at Axis Communications and is mainly based on the guidelines issued by the Global Reporting Initiative, GRI. The reporting follows the Global Reporting Initiative guidelines level C. The report covers 2011 and has not been audited.

## Scope

This report aims to present an accurate picture of the group's performance in areas relating to sustainability, safety, health and environment as well as business ethics. This is Axis' second report and our ambition is to report annually.

## Boundaries

Axis' own operations mainly consist of functions such as development, purchasing, marketing, service and technical support as well as administration. Axis also works with product configuration and handles shipping at four Configuration & Logistics Centers (CLC) whereof only the Swedish center is operated by Axis. Other units are operated by other companies and all office premises are rented.

All production of Axis' products is carried out by contract manufacturers and the products are sold via an indirect distribution model, whereby Axis' sales take place in the first stage to distributors. As a consequence of this business model, a great deal of the responsibility for production, distribution and specific installation of Axis' products rests with the company's business partners. However, Axis works closely with its partners to ensure that its Code of Conduct is understood and followed.

## Reporting standards and KPIs

The report conforms to the internationally recognized GRI (Global Reporting Initiative). Key Performance Indicators (KPIs) used by Axis are selected from version G3 of the GRI standards. The report is self-declared

and complies with application level C under the GRI standards. KPIs were not subject to third-party checks.

Historical data is not available for all Key Performance Indicators. Unless otherwise stated, the data refers to the 2011 calendar year with comparative figures for previous years.

All figures are in SEK unless otherwise stated.

## Corporate governance

As a company listed on the NASDAQ OMX Nordic stock exchange, Axis follows the provisions of the Swedish Companies Act as well as the stock exchange rules for listed companies in Sweden. Axis applies the Swedish Code of Corporate Governance. A separate corporate governance report for 2011 has been published in connection with the Annual Report.

Please visit [www.axis.com](http://www.axis.com) for more information.



### Contact for the report:

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 E-mail: [margareta.lantz@axis.com](mailto:margareta.lantz@axis.com)



Indicator	Description	UNGC	Page	Indicator	Description	UNGC	Page
<b>Environmental performance indicators</b>				<b>Human rights performance indicators</b>			
CORE EN1	Materials used by weight or volume.	8	10	CORE HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	1-6	-
CORE EN2	Percentage of materials used that are recycled input materials.		-	CORE HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	1-6	-
CORE EN3	Direct energy consumption by primary energy source.	8	23	ADD HR3	Total hours of employee training on policies and procedures concerning aspects of human rights.	1-6	-
CORE EN4	Indirect energy consumption by primary source.	8	20	CORE HR4	Total number of incidents of discrimination and actions taken.	1, 2, 6	-
CORE EN5	Energy saved due to conservation and efficiency improvements.	8-9	20	CORE HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	1-3	-
ADD EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements.	8-9	20	CORE HR6	Operations identified as having significant risk for incidents of child labor.	1, 2, 5	12
ADD EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	8-9	-	CORE HR7	Operations identified as having significant risk for incidents of forced or compulsory labor.	1, 3, 4	12
CORE EN8	Total water withdrawal by source.	8	25	ADD HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights.		NA
ADD EN9	Water sources significantly affected by withdrawal of water.	8	25	ADD HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	1-2	NA
ADD EN10	Percentage and total volume of water recycled and reused.		25	<b>Society performance indicators</b>			
CORE EN11	Land owned, leased, managed in protected areas and areas of high biodiversity value.		25	CORE SO1	Programs and practices that assess and manage the impacts of operations on communities.		NA
CORE EN12	Impact on biodiversity.		-	CORE SO2	Percentage and total number of business units analyzed for risks related to corruption.		-
ADD EN13	Habitats protected or restored.		25	CORE SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	10	-
ADD EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	8	-	CORE SO4	Actions taken in response to incidents of corruption.	10	NA
ADD EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		-	ADD SO5	Public policy positions and participation in public policy development and lobbying.	1-10	NA
CORE EN16	Direct and indirect greenhouse gas emissions.	8	20	ADD SO6	Financial and in-kind contributions to political parties, politicians, and related institutions.	10	NA
CORE EN17	Other relevant indirect greenhouse gas emissions.	8	20	ADD SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices.		NA
ADD EN18	Initiatives to reduce greenhouse gas emissions.	7-9	20	CORE SO8	Monetary value of fines and number of sanctions for non-compliance with laws and regulations.		-
CORE EN19	Emissions of ozone-depleting substances.		20	<b>Product responsibility performance indicators</b>			
CORE EN20	NO, SO, and other significant air emissions.		-	CORE PR1	Life cycle stages in which health and safety impacts of products and services are assessed.	1	8
CORE EN21	Total water discharge by quality and destination.	8	25	ADD PR2	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services.		-
CORE EN22	Total weight of waste by type and disposal method.		25	CORE PR3	Type of product and service information required by procedures.		8
CORE EN23	Total number and volume of significant spills.		-	ADD PR4	Number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.		11
ADD EN24	Weight of transported, imported, exported, or treated waste deemed hazardous.		25	ADD PR5	Practices related to customer satisfaction.		12
ADD EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff.		-	CORE PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications.		28
CORE EN26	Initiatives to mitigate environmental impacts of products and services.	7-9	21	ADD PR7	Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.		NA
CORE EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		-	ADD PR8	Number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		-
CORE EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		11	CORE PR9	Monetary value of fines for non-compliance with laws and regulations concerning products and services.		-
ADD EN29	Environmental impact of transports.	8	11	<i>UNGC: United Nations Global Compact principle</i>			
ADD EN30	Total environmental protection expenditures and investments by type.		-				
<b>Labor practices and decent work performance indicators</b>							
CORE LA1	Total workforce.		16				
CORE LA2	Employee turnover.		16				
ADD LA3	Benefits provided to full-time employees.		-				
CORE LA4	Percentage of employees covered by collective bargaining agreements.	1, 3	-				
CORE LA5	Minimum notice period(s) regarding operational changes.		17				
ADD LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees.		17				
CORE LA7	Work-related accidents and diseases.		AR				
CORE LA8	Action program relating to serious diseases.		AR				
ADD LA9	Health and safety topics covered in formal agreements with trade unions.	1	AR				
CORE LA10	Average hours of training per year per employee.		17				
ADD LA11	Programs for skills management and lifelong learning.		17				
ADD LA12	Percentage of employees receiving regular performance and career development reviews.		-				
CORE LA13	Composition of the Board, management and employees per category (gender, age group, minority group).	1, 6	AR				
CORE LA14	Ratio of basic salary of men to women by employee category.	1, 6	-				



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## About Axis Communications

As the market leader in network video, Axis is leading the way to a smarter, safer, more secure world – driving the shift from analog to digital video surveillance. Offering network video solutions for professional installations, Axis' products and solutions are based on an innovative, open technology platform.

Axis has more than 1,000 dedicated employees in 40 locations around the world and cooperates with partners covering 179 countries. Founded in 1984, Axis is a Swedish-based IT company listed on NASDAQ OMX Stockholm under the ticker AXIS.

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