



# SUSTAINABILITY REPORT

# 2012



# AXIS IN 1 MINUTE

Axis is the market leader in network video and a driver of the shift from analog to digital video surveillance – thereby paving the way to a smarter, safer, more secure world. Axis offers network video solutions for professional installations featuring products and solutions that are based on innovative and open technology platforms.

**1,403**

Number of employees  
in the Axis group

**41**

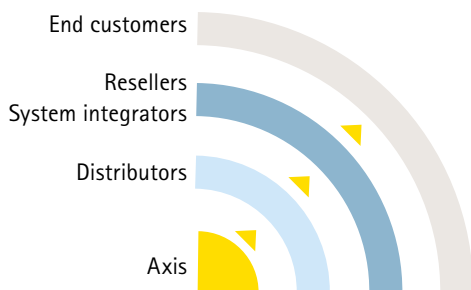
Number of countries  
with Axis employees

**179**

Number of countries  
with partners

**#1**

Market leader in net-  
work video and video  
surveillance



**55,000  
PARTNERS**

**4,184**

SEK million in sales





**7** Sustainability goal fulfillment 2012



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**20** Case stories

Axis' Sustainability Report 2012 follows the Global Reporting Initiative guidelines level C. Further information may also be found in Axis' Annual Report 2012 and Corporate Governance Report 2012, both of which are published in Swedish and English. These reports and additional information are available at [www.axis.com](http://www.axis.com)

# Taking a long-term responsibility by thinking big

Axis is a growing company for which sustainability is a natural and long-term responsibility. With the ambition of being a leading and innovative driving force within our industry, we operate from a strong position that makes it possible to create real impact when it comes to sustainability. We believe that by accomplishing sustainability in environmental, business conduct and social issues, we will also create long-term sustainable business opportunities.

Axis is leading the way to a smarter, safer, more secure and therefore more sustainable world through our surveillance products in themselves. But we also take a broader responsibility when it comes to sustainability. All our actions in relation to customers, partners and suppliers are built on the long-term commitment of ensuring ethical business conduct and a sustainable way of supplying our products and solutions. We act responsibly in relation to the environment and society in general, and always leave a positive contribution to the many communities with which we interact.

## Anti-corruption initiative

Being the market leader, we strive to be a driving force both in technical innovation and in developing sustainable business conduct. We have over 55,000 partners worldwide and constantly work on how we can spread our company's view on sustainability in the entire value chain. To take this one step further, we are now introducing an anti-corruption initiative.

The initiative is an adaptation to the UK and US anti-bribery and anti-corruption legislation. By applying high standards in business ethics and urging our partners to be part of sustainable and safe business development, we also lead the way for our competitors to do the same.

## Rapid expansion

The global market is still affected by the economically uncertain times. Despite this, we have continued our economic growth during 2012, especially in emerging markets.

I am happy to welcome the nearly 300 new employees that have joined the company during the year. Axis is a driving force in the field of network surveillance products, and is set to maintain the position as market leader. We are also set to uphold our standards as an employer that attracts talented people, and in order to do so the organization must keep developing. Knowledge sharing and the opportunity for employees to develop within the organization are vital to finding a sustainable way for the company to continue expansion.

Another challenge posed by the rapid expansion of our company is including all employees in our strong corporate culture. The spirit of openness and transparency has been a part of Axis' corporate culture from the beginning, and it is reflected in our core values "Act as one", "Think big" and "Always open". We believe this to be one of the key factors behind our success. To ensure that we keep spreading the corporate culture, a relaunch of our core values will take place during the coming year.

## Technical innovation

We also continue our technical innovation, where environmental and technical concerns go hand in hand. Not only will a less energy-consuming camera save energy, it will also provide images of higher quality due to less interference. This way, Axis never has to compromise on quality or environmental concerns.

We received several awards for our innovative Lightfinder technology during 2012, one of which was the prestigious Wall Street Journal Technical Innovation Award in the category Physical Security. Through a unique combination of the right sensor and lens, and Axis' in-house chip development and knowledge of image processing, Lightfinder technology enables our cameras to "see" in poor lighting conditions. Since the technology requires very little external light, it requires less energy and decreases light pollution.

## Shifting mode of transportation

How we transport our products is a factor where our choices have a great impact on the environment. During 2012, we have shifted transports by air to land and sea. We will continue to minimize transportation and logistics costs by being close to our markets. We have taken one step in this direction by initiating a cooperation with a supplier in Mexico, which is close to our biggest market in the United States.

These efforts and others are described here in Axis' third sustainability report according to the UN Global Compact initiative. Sustainability will continue to be a central focal point and a long-term responsibility for Axis during the year to follow.



"We strive to be a driving force, both in technical innovation and in developing sustainable business conduct."

# Axis' corporate sustainability

Axis sees sustainability as a long-term responsibility for the company and we are committed to continuous improvements. Since the founding 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 179 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 and to build relations and take responsibility in social and environment-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 sustainability work. As a company listed on the NASDAQ OMX Nordic stock exchange, Axis also applies the Swedish Code of Corporate Governance.

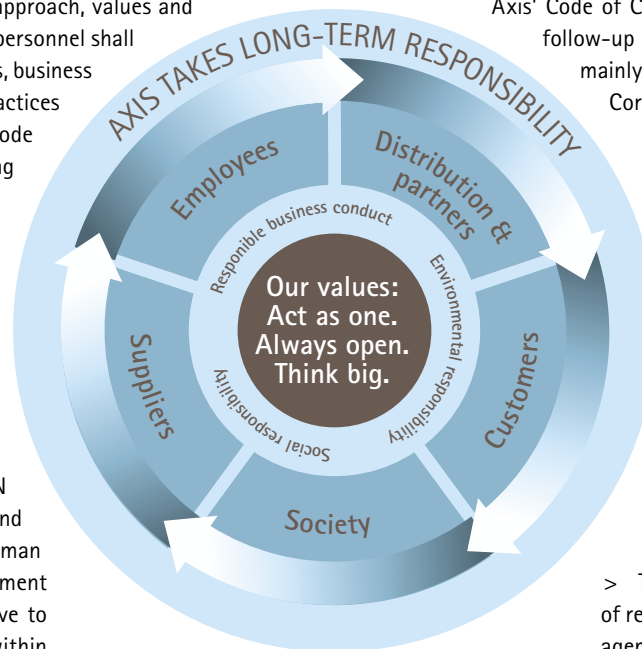
We regard sustainability as an integrated part of our business strategy and our operations. In order to support continuous improvements at all levels, we have created the following organizational framework for corporate sustainability efforts:

- > 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 Human Resources, Global Sales, Quality & Environment and Communications. 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, Communications 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.

- > The Ethical Council is composed of representatives from the Management team. The Council works on ethical issues and also consults, discusses and decides on matters relating to Axis' business conduct.



Sustainability is based on the values of Axis and is an integrated part of Axis' business. Business conduct, social responsibility and the environment are the three focus areas for the different target groups.

# Sustainability goal fulfillment 2012

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 and to build relations and take responsibility in social and environment-related matters.

Axis takes *long-term responsibility* in the entire value chain, for our actions in relation to customers, partners and suppliers and also in relation to the environment and society as a whole. We act responsibly in our business conduct and when supplying our products and solutions. We also take active social and environmental responsibility.

When it comes to managing business conduct as well as our environmental and social footprint, *Thinking Big* means thinking globally, looking beyond immediate impacts and taking long-term responsibility.

We conduct our work within three areas:

- > Business Conduct
- > Social Responsibility
- > Environmental Responsibility

Our overall objective is to take sustainability into consideration in all our business processes throughout the entire value chain. We shall strive to minimize environmental impact, promote a healthy working environment and also fight corruption and violations of human rights.

	To govern our business and our relationships in a responsible, transparent, trustworthy and consistent way.
<b>Goal</b>	<b>Goal fulfillment 2012</b>
Sustainability shall be taken into consideration throughout the entire business process and in efforts to fight corruption.	During 2012, Axis initiated extensive work on anti-corruption. The work involved drawing up a new policy, and implementing it in relation to both employees and distributors.
Axis' partners shall have knowledge about and understand Axis' approach to long-term responsibility and the responsibilities that come with it.	At partner conferences – approximately 20 events with an average of 80 participants at each one – partners were informed about Axis' sustainability work. Sustainability has also been a part of the newsletter that is sent to Axis' partner network.
Axis shall contribute to the local community as well as society globally in order to act sustainably.	Over the years, different activities have been carried out in the sales companies as well as at the headquarters in Lund. Examples of such activities include sponsorship of charity races and gifts to charitable organizations.
Axis' products shall contribute to a safer and more secure world.	Axis' products have been installed in many different customer segments during the year and have contributed in various ways to safer cities and a more secure world.



## Social responsibility

Concern for Axis' stakeholders and consideration on the part of our own employees for the many communities with whom we interact, and always ensuring we make a positive contribution.

### Goal

Axis' suppliers, subcontractors and contract manufacturers shall act in line with Axis' Supplier Code of Conduct and other relevant policies.

All employees shall act in accordance with the Code of Conduct and shall be trained to understand Axis long-term responsibility.

Axis shall encourage an attractive and stimulating working environment and shall promote diversity in the expansion of the company

Axis shall strive to increase positive sustainability impacts by motivating employee involvement.

### Goal fulfillment 2012

Axis has performed audits of 65 % of the company's strategic suppliers. Other suppliers are often large, well-known multinational companies.

New employees based in Lund receive a one-day introductory course, and employees based in other countries come to our headquarters in Lund for a three-day introduction program. During the year, 276 employees were hired. In 2012, more than 100 employees attended an environmental training course.

Of the employees, 73 (74) percent are men and 27 (26) percent are women. The average age of the company's employees is 38. At Axis, approximately 50 different nationalities are represented.

Axis' sustainability work has been presented at different employee meetings on a local, regional and global level and has been presented on the Intranet.





## Environmental responsibility



Minimizing our direct and indirect environmental impacts and engaging in partnerships that protect and promote the health of the ecosystem, both locally and globally.

### Goal

Axis' network video products shall have low energy consumption during operation.

Improve the environmental performance of network video products. An identified part of the product portfolio shall be PVC-free from 2013.

Axis shall reduce negative environmental impacts during transportation of products. CO<sub>2</sub> emissions per ton-km from freight transport shall be reduced by 20 % in 2016 compared to 2010.

Environmental impact of Axis' products shall be taken into consideration already in the development phase.

Axis shall encourage customers to switch to more energy-efficient and environmentally friendly products through raising awareness about Axis' solutions in the market.

### Goal fulfillment 2012

Cameras featuring infrared (IR) illumination use the most modern and most efficient light-emitting diodes (LEDs), which are more energy-efficient than older light bulbs. Some of the network cameras released during the year were equipped with this technology.

During 2012, Axis conducted a thorough investigation of where PVC is found in our products and during the coming year we will focus on finding replacements for these components.

During 2012, CO<sub>2</sub> emissions per ton-km decreased by 16 percent. This is due to Axis now having more control over the transportation process, and the fact that Axis has initiated a commercial relationship with a manufacturing site closer to the United States – one of our biggest markets. In 2012, carbon emissions were reduced from 337\* gCO<sub>2</sub>/ton-km to 284 gCO<sub>2</sub>/ton-km.

An environmental scorecard was introduced in the mechanical design process.

The Axis Lightfinder technology was introduced in 2011. It demonstrates one environmental benefit of a network camera – the camera can operate in the dark without requiring any external light. The technology received four awards during 2012. Remote monitoring has decreased the carbon footprint of end users, since the user can access the material from any computer.

# World-leading products

Axis products are used for many different purposes, such as security surveillance, optimization of business processes and remote monitoring all over the world. The company is the market leader in network video and offers high quality, innovative products.

Axis sells network video products, including surveillance cameras, to distributors, that in turn sell these products to system integrators and resellers. This means that in many transactions, we do not meet the end user. The legal responsibility for how systems and video material are used and stored is based on each country's laws and regulations; therefore, this responsibility lies primarily with the user – that is, the end user.

## Customers and markets

The market is being driven by a technology shift from analog to digital surveillance, increased prosperity and urbanization as well as a general trend toward 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 optimization of business processes. Examples of such fields of application for network video are inventory management and measurement of customer behavior in retail stores and remote monitoring within health care.

## 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.

LCA shows that as for most electronic products, a considerable part of the environmental impact during the life cycle of our 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. To further reduce the environmental impact of our products, a group of mechanical engineers have formed the Green Product design group, which develops new tools aimed at making product design as environmentally friendly as possible.

## Control of material and substances

Axis aims to use materials and components that can be recycled to a large extent, such as aluminum, zinc and plastics.

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, polyurethane, silicone, thermoplastic elastomers and rubber.

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, but far from all, metal materials consist of recycled material, 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.

Since 2009, Axis has worked consistently to phase out the use of PVC (polyvinyl chloride) in our products. Concerns regarding PVC have been growing due to possible release of toxic substances, PVC's non-biodegradable status and growing toxic waste created by the production process. PVC applications contain a range of phthalates, few of which are restricted by legislative regulations. During 2012, Axis made a thorough investigation of where in our products PVC is found and during the following year we will focus on finding replacements for these components.

All electronic products have one or more PCBAs (printed circuit board assemblies), consisting of a board featuring several electronic components. The board itself can be made of various materials such as laminates of phenolic plastic/paper, bakelite or fiberglass/epoxy. Printed circuit boards also contain smaller amounts of raw materials such as copper, gold, nickel, zinc, beryllium, tantalum, coltan and other metals.

Ethical questions regarding mining of some specific minerals used in electronics (tin, tantalum, tungsten and gold) have been raised during the past years, due to the exploitation of these minerals in the armed conflict regions of the Congo Basin.

**Axis' ambition is that environmental consideration shall be applied in the entire value chain.**



## GREEN PRODUCT DESIGN

Axis constantly develops its products with environmental consideration. The choices we make in designing surveillance cameras ultimately has an impact on the environment, be it the number of components used, size, weight, material chemistry or the origin of the raw material.

A number of mechanical engineers at the Research & Development department have formed a group dedicated to developing new tools in the product development process, aimed at helping make conscious decisions to decrease the environmental impact of products.

Already today, all Axis products are designed to follow strict environmental standards and regulations. The Green Product design group started as a focus group in 2011. During the past year a master's thesis was completed, investigating feasible tools and methods that can ultimately make our cameras even more environmentally friendly. Furthermore, the group has developed a guideline and a product scorecard.

The possibility to use environmentally friendly plastics is one of the focus areas. Different plastic materials contain various types of chemicals such as flame retardants. One goal is to have a preferred materials list that will help the engineers make the more environmentally friendly choice in every step of the design process.

Using fewer components and thinking modular are other ways of reducing the cameras' environmental impact. In addition – and in contrast to analog video – a network video camera can be upgraded with certain new functionality during its lifetime, without the user having to replace the entire camera.

The new scorecard and guidelines will be evaluated and launched during 2013.

To ensure that no so-called conflict minerals are used in Axis products, all suppliers have been requested to fill in a questionnaire where they identify products and smelters in their supply chain that supply tin, tantalum, tungsten and gold. Furthermore, the Supplier Code of Conduct has been amended during 2012. In this amendment, suppliers must comply with the US Financial Reform Law stating that the supplier uses no minerals originating from the Democratic Republic of Congo or its neighboring countries.

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 EU RoHS directive on restriction of certain hazardous substances in electrical and electronic equipment has been updated during 2012, resulting in Axis implementing a documented process and distinct guidelines for risk assessment of materials.

Axis also meets the requirements of the EU REACH directive on Registration, Evaluation, Authorization and Restriction of Chemicals. The company is constantly and proactively working to ensure that the substances found in our products comply with the current directive and future changes.

In addition to the legal requirements, Axis has its own list of banned and restricted substances in order to further 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. As of January 2, 2013, CE marking also verifies that products meet the requirements of the EU RoHS directive.

No instances of non-compliance with regulations for products and service information have been recorded during 2012. 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 service 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). Four types of package fittings are used: PET plastic, PE foam, plastic well and Stratocell foam. All PET fittings are made from recycled PET, whereas the PE foam and the Stratocell foam are usually made from new materials. Stratocell foam, which is non-recyclable, is being phased out and replaced by a more environmentally adapted type of plastic well.

Optimizing the size of the packaging of our products is part of the package design process and subject to continuous improvement. For example, by replacing the A5-sized manual with an A6-sized manual, a smaller carton box can now be used for smaller camera modules. The ongoing process of optimizing the packaging of Axis' products continuously reduces packaging volume and thus leads to more environmentally sound transport.

During 2012, CO<sub>2</sub>e emissions per ton-km unit decreased by 16 percent. This is due to Axis now having more control over the transportation process, and the fact that Axis has initiated business with a manufacturing site closer to one of our biggest markets, the United States.

### **Products in use**

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

Depending on the type of camera, 60–80 percent of the products' environmental impact is associated with energy consumption of the product when used by the end customer. Using an effective power supply is one key factor in reducing energy costs for Axis' products. Developing the software used in Axis' cameras is another factor that is looked at by our engineers.

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

Lightfinder is a unique technology that allows network cameras to "see" and show color images even when it is dark.

## Surveillance using Lightfinder technology – more sustainable and lowers costs

Despite the night darkness, surveillance cameras using Lightfinder technology can see if someone is trying to break into your office or some other place with poor external lighting.

Lightfinder is a unique technology that allows network cameras to "see" and show color images, even when it is dark. Better image quality in difficult lighting conditions is just one of the advantages of Lightfinder; the technology is also excellent from a sustainability perspective. Lighting is one of the single most expensive costs of camera surveillance, and producing electricity for lighting is what generates the most CO<sub>2</sub> emissions. With Lightfinder, such costs are eliminated, thus reducing the total expense of camera surveillance while also making it more environmentally friendly.

One simple calculation shows that an installation of 10 systems with 12 cameras each saves about SEK 570,000 in overhead costs over the course of five years, if you use Lightfinder technology, and compared to a standard network camera (based on the electricity needed for a camera that runs 16 hours per day). If electricity is measured only in terms of CO<sub>2</sub> emissions, a system using standard network cameras emits about 30 times as much CO<sub>2</sub> compared to the same types of systems using Lightfinder technology, which corresponds to about 700,000 kWh or 700 tons of CO<sub>2</sub> emissions.

## 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 PCBAs 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 material. 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, because they have been designed to facilitate repairs, Axis products are easy to disassemble.

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 a manufacturer, Axis is responsible for marking its products with a symbol that collection shall take place.

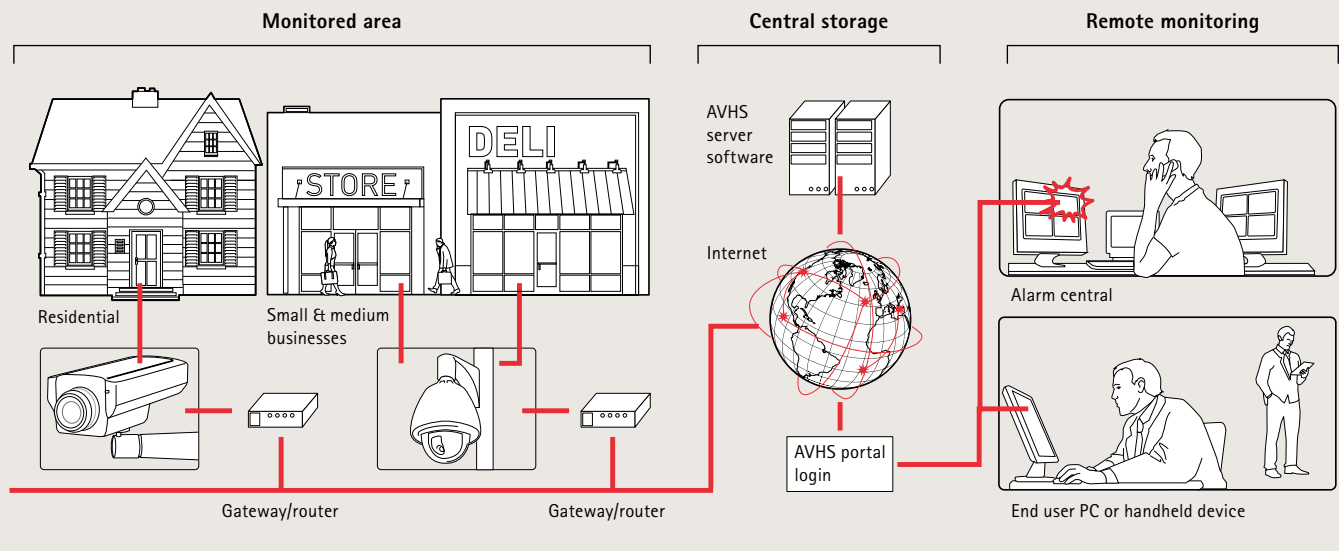
## Non-compliance

No incidents of non-compliance related to health and safety impacts of products and services occurred in 2012. Two cases of non-compliance with regulations for product and service information have been recorded during 2012; one case was in Italy, where the authorities found two wireless products that had minor errors in the carton labels. The claim resulted in a fine of EUR 2,000. The error was solved by immediately correcting carton labels. The second case was of similar character – Norwegian authorities found an error in a carton label. No fine was levied and the error was corrected immediately.

## Remote access

Remote access is one of the advantages of installing and operating network video. Remote access means that you don't need to physically handle the camera to investigate an incident. Instead, you can see and analyze the material from a distance using a computer, and then take appropriate action. This means that the alarm operator significantly reduces the number of emergency call-outs. One study shows that as much as 90 percent (!) of all call-outs are false alarms. Every call-out adds considerable costs in terms of transportation time, gas and vehicle maintenance, and generates unnecessary CO<sub>2</sub> emissions.

Remote access also facilitates the maintenance of the surveillance system. Camera maintenance is necessary during upgrades, diagnostics/troubleshooting, image problems, and retrieving image material. A camera with remote access reduces the number of maintenance visits by about 50 percent. A reduction in both CO<sub>2</sub> emissions and costs quickly becomes evident as a result of less driving time, less fuel, lower vehicle costs and less time spent on performing camera maintenance. For example, a one-hour reduction in driving time for maintaining 10 locations with systems of 12 cameras each, results in savings of about SEK 2 million over a five-year period, which also translates into 4,000 liters of fuel.



## GREEN SURVEILLANCE

Axis' aim is to be a driving force in developing new, smarter and greener technology when it comes to surveillance cameras. In an ongoing project, engineers in Lund are currently looking at how Axis' products can use less energy.

High energy costs and environmental concerns make Green Surveillance one of the current trends in our business. The more advanced products get, with powerful processors at their core, the more energy that is needed to run them.


Digital video surveillance is in itself greener than analog technology. No tapes are needed, and good remote surveillance saves traveling time and reduces carbon foot print.

Depending on the type of camera, 60–80 percent of the product's environmental impact is associated with energy consumption of the product when used by the end customer. Therefore, even a small reduction in energy needed to use an Axis product can make a large positive impact on the environment.

A group of engineers is now working on a number of solutions for how the software in our cameras can be used to reduce energy costs. One example is that all functions in the camera do not have to be switched on all the time. At night certain functions could be turned off automatically, or when idle the camera could switch automatically to filming in lower resolution that requires less energy. PTZ and audio chips are other functions that may not have to be in use all the time. Cameras could also be bundled with other technology, like IR detectors, which could switch on cameras when something is happening.

Within the project, different scenarios are tried to optimize the cameras from an environmental point of view. The ambition is a product that gives the user a greater choice when it comes to how much energy is needed to use an Axis camera.

The project in Lund originated with the engineers themselves at a workshop where Axis' environmental policy was the topic. The management fully supports the project. Apart from being a project that will bring added value to our customers, this is a good example of how our corporate culture allows ideas and initiatives to flourish and grow within Axis.



AXIS  
CAMERA

# Customer segments



## RETAIL

Interest in network video is increasing rapidly in the retail segment. By using remote monitoring, the manager can see the store or storage areas without traveling to the actual store, which is beneficial from a carbon footprint perspective. Intelligent applications in Axis' network cameras are contributing to systems that are improving security in stores.



## TRANSPORT

The need to counter vandalism, theft and threats is increasing in public transport systems throughout the world. Network camera installations contribute to a safer environment on trains, buses, traffic routes and in airports.



## BANKS

Axis' solutions provide security for customers and employees in banks and exchange offices. Very small network cameras with HDTV quality, which are adapted for surveillance in automatic teller machines and other concealed areas, enable identification in the event of a crime and create a safer working environment.



## CITY SURVEILLANCE

The global urbanization trend is creating a greater need for safe and secure urban environments for millions of people. Today, Axis' network solutions are found in more than 500 cities. These solutions contain products that withstand vandalism and tough weather conditions.



## INDUSTRY

Digital solutions are used to monitor assets and streamline processes in factories, warehouses and on building sites. Strict demands are imposed so that systems can cope with tough external conditions, large surveillance areas and poor lighting conditions. By using network cameras in some installations, customers can see how the recently purchased product was produced and ensure that no illegal measures were involved.



## EDUCATION

A safe and secure school environment should be something natural. Axis' network solutions enable simple installations and scalable surveillance systems in schools, universities and other educational organizations. The surveillance cameras contribute to reduced vandalism, less theft and the creation of a safer environment for teachers and students.



## HEALTHCARE

Axis' network cameras improve security for personnel and patients. The possibility of remote monitoring of patients by surveillance cameras streamlines day-to-day processes and reduces travel, which has a positive impact on the carbon footprint.



## CRITICAL INFRASTRUCTURE

Digital video surveillance is a cost-effective way to boost the level of security for operators of critical infrastructure. The buildings or solar plants can be observed by remote monitoring and travel needs decrease. Axis' network cameras are also used on highways; by using video, traffic can be redirected when traffic jams occur.



# Taking a broader responsibility

Axis' prominent position brings with it an obligation to conduct business in a responsible and ethical way. Axis takes this responsibility by creating long-term relationships throughout the entire value chain.

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 that are not in accordance with applicable laws and regulations or conduct business related to the use of products in the weapon systems, the sex industry or in the promotion of drugs.

## 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 cases, and also on the fact that a majority of the public is positive to 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 how data is 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 best practices.

## Strong sales model

Axis has a long-term partnership model that includes distributors, resellers and other partners. To date we have 55,000 authorized partners worldwide. Axis strives to build a consistent relationship with our partners, based on trust and loyalty. We support our partners by informing them about sustainability issues as well as Axis' Code of Conduct and other 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 manufacturing 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 good insight into the supplier companies and full transparency regarding where and how our products are manufactured.

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

In some countries there is a lack of adequate legislation in the areas of the 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 Suppliers'

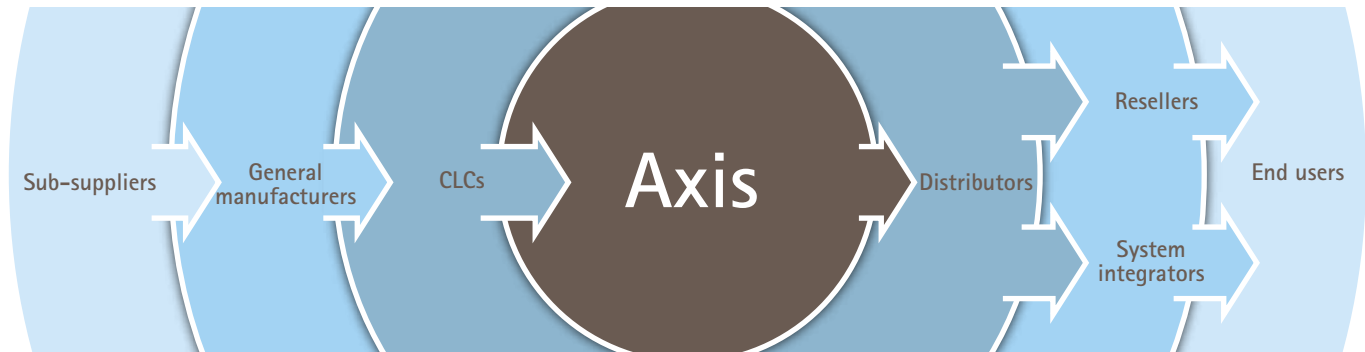
Code of Conduct – which all suppliers are required to sign and follow. We continuously monitor suppliers to ensure that they comply with these requirements. We also perform supply audits that include inspections at the factory as well as interviews with management and workers.

## Anti-corruption initiative

The company's business model means that most of the responsibility for production, distribution and installation of Axis' products lies with our partners. That is why we inform our suppliers, distributors, resellers and system integrators about the company's view on sustainability practice.

**We extend our ambition to fight corruption by including the next step of the value chain.**

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



During 2012, Axis has further focused this work by taking a new initiative against corruption. The initiative is part of Axis' long-term strategy and will ensure that the company can continue its expansion on emerging markets. The initiative was raised by the sales organisation in markets where corruption can be an issue in daily business.

### Taking a broad responsibility

The anti-corruption initiative has two parts. Firstly, all employees will take an educational program during 2013. All employees will also sign a document that obligates them to follow Axis anti-corruption policy. This will be repeated every year, which ensures that all new employees participate in the education and sign the anti-corruption policy.

The second part of this extensive process includes an amendment to the Standard Distribution Agreement that Axis signs with all the company's distributors. By doing so, all distributors undertake to follow applicable anti-corruption and anti-bribery regulations. By not keeping the initiative only within Axis, we extend our ambition to fight corruption by including the next step of the value chain. In addition, Axis intends to inform our other partners about anti-corruption to ensure that the practice is spread beyond our company's borders.

### Export Control Policy

Axis has direct control over approximately 50 percent of where the network cameras are used by end customers.

Our Export Control Policy ensures that export control rules and regulations are dealt with in a consistent way. Every deal with countries that 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 the Axis organization. In doubtful cases the company's Management team and the Ethical Council determine the matter.

### Investors

Axis shares are listed on NASDAQ OMX Nordic, Mid Cap segment and the number of shareholders at year-end was 17,680 (16,597).

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.

### Local commitment

Axis is present in 41 countries. The company has a clear strategy to employ local personnel in each of our markets. Currently we have staff originating from over 50 countries. Our ambition is to educate them in business knowledge and business conduct. Axis is a value-based company and all Axis employees follow our Core Values and our Code of Conduct.

We also engage in local initiatives outside of Axis. This includes sponsoring of local health initiatives, The Hunger Project and Charity Day. Each Christmas the employees based in Lund vote to decide which organization should receive a gift from Axis. In 2012, the staff chose the Swedish Cancer Society.

Sharing our knowledge and our views on technology and innovation is another important way for Axis to contribute to the local society. Our engineers in Lund therefore lecture in local schools on these subjects. We also have close cooperation with Lund University and other academic institutions.

## Auditing suppliers

Axis audits its suppliers on a regular basis to ensure that they follow the Supplier Code of Conduct. Audits are performed in all new suppliers' factories, and regular follow-up visits are made to ensure that any shortcomings are adjusted.

Audits are performed by Axis' quality and environmental engineers. During their visit to a supplier's factory, they verify that the supplier is complying with applicable legislation and permissions and that the supplier is continually reducing environmental impact. They also check whether chemicals are stored in a secure manner, and that any hazardous waste is taken care of properly.

Working conditions for the employees are also a part of the audit,

controlling occupational health hazards such as poor indoor air quality, high noise levels, unsafe work methods, fire safety etc. Test samples of workers' documents are controlled, to ensure that salaries, working hours and age are in compliance with laws and regulations.

In case dormitories are provided by the company, these are also visited and checked with regards to fire safety and decent form of accommodation.

If non-conformities are found, an action plan containing corrective measures, responsible person, time frame etc. is required and a follow-up audit is mandatory.



# Network cameras protect important infrastructure

Axis' products are used all over the globe to make the world a safer place by protecting important infrastructure and property from intruders and sabotage. In several cases, our cameras in themselves also contribute in protecting and even enhancing environmentally important projects.

One such example is how Axis' thermal network cameras provide security for the Solesa solar field in Poirino, Italy. The Solesa photovoltaic field needs surveillance 24 hours a day, seven days a week. The challenge was to find a surveillance solution that could cover the morphologically difficult area without artificial lighting, since the light pollution would affect the performance of the solar panels. The solution was AXIS Q1921-E Thermal Network Camera.

Thermal cameras were originally designed for military purposes and can "see" in the dark without using an external light source. The camera does this by using temperature and not light to detect an intruder. With its IR technology, the camera can detect the heat released by all kinds of objects, people or animals. In case the alarm is activated, another camera with an external light source is activated and security is notified so they can verify the source of the alarm. With these cameras installed along the perimeter, Solesa can protect the solar field from acts of vandalism or attempted theft, even in complete darkness or difficult weather conditions.

In Doñana National Park in Huelva, Spain, solar panels are used to power the AXIS 233D Network Camera. The area is home to several protected animal species and has a biodiversity that cannot be found anywhere else in Europe. The researchers stationed in the park needed a suitable way to monitor the wildlife and the surroundings, and Axis became part of the solution. Axis' cameras are part of a WiMAX network, also containing sensors that can collect meteorological, atmospheric and biological data. Altogether, this complex technological framework makes it possible to observe and analyze many aspects of animal life.

In St. Cloud, Florida, USA, the city had constructed a new water treatment plant protected by analog cameras. By switching to digital surveillance using Axis' cameras, the town officials could eliminate costly infrastructure and get a more robust system. AXIS 233D Network Dome Cameras and AXIS 221 Network Cameras, connected to an Omnicast video management system that is easy to operate, provide a future-proof and cost-effective solution for the citizens of St. Cloud.





# A growing family

Axis is a rapidly growing company with local presence in 41 countries worldwide, and partners in 179 countries. With nearly 300 new employees joining the company during 2012, it is important for Axis to sustain and preserve one of the key factors behind our success: the strong corporate culture. 2012 has been a year of preparation for a number of steps that will ensure further spreading of the Axis spirit of openness and transparency.

The number of employees increased from 1,127 to 1,403 during 2012, representing a growth of 24.5 percent (23.3 percent). Of the employees, 73 (74) percent are men and 27 (26) percent are women. The average age is 38 years. The employee turnover has decreased, and was 5.5 percent (7.2). The board is comprised of five men and one woman.

The corporate culture at Axis is well captured by our three core values, that guide decision-making and behavior throughout the whole company: "act as one", "always open" and "think big". These core values intend to keep employees focused on reaching goals and on building an organization to be proud of. At Axis, we cooperate and share our knowledge. Ensuring that we sustain this open-minded, transparent, curious and in some ways informal culture is of great importance for Axis to continue our successful global expansion.

## Relaunch of core values

Therefore, the development of an extensive plan to relaunch the company's core values has been in focus during the past year. We believe this to be a key factor for Axis' ability to continue to attract talented and skilled employees.

Much effort has been put into developing educational material that will be used during workshops taking place the coming year. All employees will participate in the educational program. The base is a board game that is played in a group of no more than four employees at a time, and which raises different questions related to Axis, our core values and our company culture. The questions pave the way for discussions and encourage sharing of personal experiences related to the workplace. The workshops will take place during the first part of 2013.

## Anti-corruption policy

Since Axis is operating worldwide and in many emerging markets, the need to establish an anti-corruption policy has been expressed by representatives in the sales organization. This extensive process also includes an amendment to the Standard Distribution Agreement that Axis signs with all our direct customers.

Also in this matter, focus during 2012 has been on laying the groundwork for an educational program that will be launched in the entire organiza-

tion. During the first half of 2013, all Axis employees will learn more about the anti-corruption policy and sign a document which obligates them to follow the policy. This will be repeated every year, which also ensures that all new employees participate in the education and sign the anti-corruption policy.

## Training future leaders

Other training includes the IPNL program (Internal Program for New Leaders), in which talented and emerging leaders from R&D, sales and operations have participated during 2012. The program is a 13-month course for new leaders in Axis with no more than three years of leadership experience.

Training in work environment policy is continuously provided for all leaders at Axis in Sweden who feel the need to further deepen their knowledge in this area.

During 2012, employees in Lund participated in training for cardiopulmonary resuscitation (CPR). 55 persons participated.

## Code of Conduct

Axis' operations are divided into nine different sales regions and the company's headquarters, R&D and all support functions are situated in Lund, Sweden. Thus, the majority of Axis' employees are based in Sweden: 62 percent (64).

Axis has a Code of Conduct that applies to all our employees. It 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.

There are also policies regarding the use of drugs and alcohol in the workplace, harassment and working environment. Although corporate policies apply to Axis as a whole, specific practices may vary between different countries due to national legislation and other local conditions.

**At Axis, we cooperate  
and share our knowledge.**

All questions regarding injury, occupational diseases, lost days, absenteeism and the number of deceased are handled locally in accordance with local regulations. In Sweden, the rate of absence due to illness was 2 percent during 2012.

### Sharing knowledge

In order to continue growing and attracting new talented employees, the organization must keep developing. During 2013 a project called IP@Axis (Internal Projects at Axis) will be launched. Through IP@Axis, employees can network and share knowledge within the global organization. Employees can apply for projects published on the intranet and suggested by the different departments to fill their need. Projects can be set anywhere in the organization and must be performed in 30 days. This is one example of how Axis continuously strives to develop and retain employees.

Ensuring that every new employee who joins Axis is properly introduced to the company and our corporate culture is a constantly ongoing process that we believe maintains our success. New employees based in Lund receive a one-day introductory course, and employees based in other countries come to our headquarters in Lund for three days of introduction. During the introduction program, management and employees meet and interact. This is a good way for the manage-

ment to get to know new employees and collect feedback on how the company is perceived. It also establishes an important platform for Axis' way of building a flat organization with an open environment, promoting creativity.

### 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. Axis has an annual bonus program that yielded 8.2 percent in 2012.

All employees in Sweden are covered by a collective agreement (Teknikavtalet or IF Metall) setting the central standards, while at the global level 69 percent (65) of the total workforce is covered by such agreements. Axis of course strives to provide sound working conditions for all of our employees, regardless of whether they are covered by an agreement. The Code of Conduct states that a safe and healthy working environment shall be provided for all employees, in compliance with international and national laws.

All employees are to participate in yearly performance reviews with the manager of their team. In 2012, 95 percent (90) participated in such reviews.



# "We act as one"

Yohei Nagata is one of the almost 300 new employees that joined Axis in 2012. During his first year, Yohei has gotten to know a company culture that practices its core values in everyday working life. Axis is a rapidly growing global company, and ensuring that our employees quickly become part of the company culture is one of the key factors behind our success.

31-year-old Yohei Nagata is a Sales Engineer Consultant at Axis' Tokyo office. He joined Axis in March 2012.

"Axis has great network video products that are number one on the market," says Yohei. "I wanted to work at Axis because it is a company that produces good quality products. Each employee is expected to take responsibility and we cooperate to meet our goals for both the team and the whole company."

Axis corporate culture is characterized by our core values: "Act as one", "Think big" and "Always open". Yohei says he has come to realize that the core values really are the foundation of everyday work at Axis.

"The core values are where we get our energy to always be one step ahead. The core values vouch for company stability and the continuous improvements we make," he says.

This differs from his previous work experience with Japanese companies, which Yohei often found to be more conservative. At Axis, emphasis is put on teamwork and a flat organization.

"The most effective core value is "Act as one". Thanks to this we can easily communicate and share information within the company. I feel that people at Axis respect each other. The managers are open to and listen to all employees."

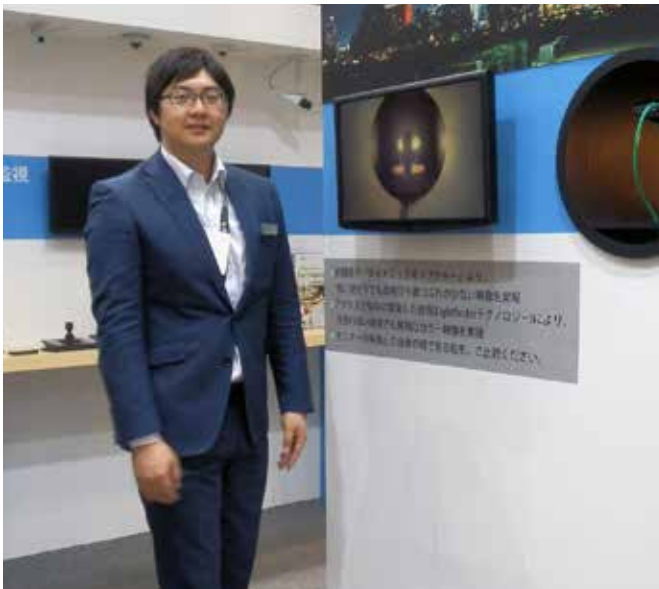
Like all new Axis employees, Yohei has attended the three-day introductory program at Axis' headquarters in Lund. During the introductory program, the CEO and other key persons participate to explain how the company is organized, how the business process works and how the core values are implemented at Axis.

"Meeting the management and hearing from them about the company made the core values even more real to me," says Yohei.

**"The core values are where we get our energy to always be one step ahead."**

Yohei sees plenty of career opportunities within Axis.

"I have already seen fellow colleagues advance in their careers, and I am sure that in the near future, I can deepen my technical skills and continue to broaden the range of my knowledge and experience as a Sales Engineer," says Yohei.



## KEY FACTS

**Mr Yohei Nagata**

**Age: 31**

**Position: Sales Engineer**

**Location: Tokyo, Japan**



# Reducing Axis' carbon footprint

All activities associated with Axis' operations, such as transportation, waste handling and energy consumption, have an impact on the environment. Therefore, Axis aims to take responsibility in these areas as well as in the manufacturing and design of our products. Part of this work involves reducing the company's overall carbon footprint and ensuring that our suppliers meet our stringent requirements.

A few years ago, Axis began conducting carbon footprint assessments. The main purpose of the reports has been to identify Axis' emissions of greenhouse gases from our business activities and areas, and to provide better understanding of where we should focus our reduction efforts. Other factors, such as Axis' influence and impact in relation to Sweden's Environmental Quality Objectives, have also been analyzed and evaluated.

## Axis' carbon footprint

Axis third Carbon Footprint Report was finalized in February 2013. The 2012 Carbon Footprint Report focuses on emissions related to transports, energy consumption of premises, company cars, business travel and paper consumption. The report is based on data from 2012, collected from the corporate headquarters, the Configuration and Logistics Center (CLC) in Lund and Axis' largest regional offices. The report also includes emissions from all outbound and inbound shipments controlled by Axis.

The standard used for calculating Axis' carbon footprint is the Greenhouse Gas Protocol, an international standard developed by the World Resources Institute and the World Business Council for Sustainable Development.

According to the GHG Protocol, a company accounts for emissions resulting from operations over which it has control. Control can be defined in either financial or operational terms.

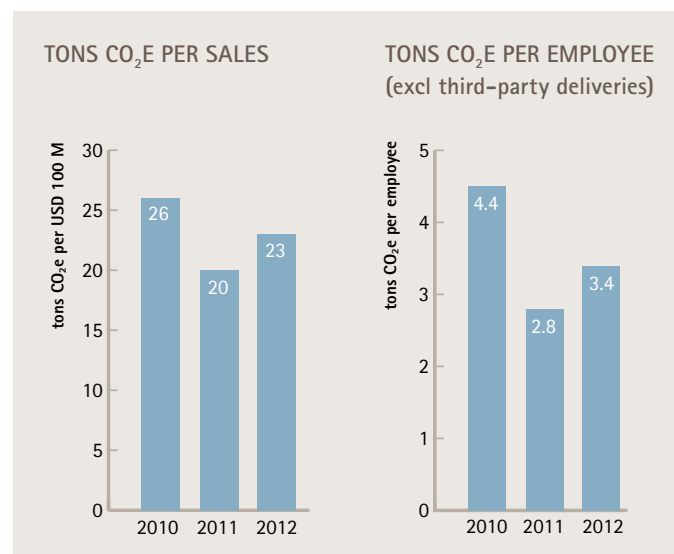
The choice of system boundaries affects the results of the analysis, and this needs to be considered when comparing Axis' results with those found in other carbon footprint reports.

During 2012, Axis continued to work with actions to reduce the company's greenhouse gas emissions. In the case of outbound freight transports – the largest source of emissions and environmental impact – a measurable target and action plan to reduce CO<sub>2</sub> emissions has been in place since 2009. During 2012, Axis' carbon footprint increased from 10,914 to 14,072 CO<sub>2</sub>e\*, an increase of 29 percent. The increase can be explained by an increase of reporting scope; the number of Axis-controlled outbound and inbound shipments has increased, and the number of reporting regional offices has increased as well; this has

a big impact on total carbon footprint. Another contributing factor is the availability of more accurate data. Furthermore, Axis has grown as a company, including considerable increases in product sales, number of employees and expansion of facilities. However, total emissions per employee have increased only slightly, from 9.4 tons CO<sub>2</sub>e to 9.5 tons CO<sub>2</sub>e (CO<sub>2</sub>e incl. third-party deliveries). Emissions generated by our employees, for activities such as energy use and business travel, have also increased slightly, from 2.8 kg CO<sub>2</sub>e to 3.4 kg CO<sub>2</sub>e.

During 2012, approximately 65 percent of the greenhouse gas emissions were caused by freight transports; thus, this sector is the main contributor to Axis carbon emissions. In this area great effort has been made to reduce environmental impact. For more detailed information, see the Logistics and transportation section. Business travel is the second-largest contributor, representing 23 percent of emissions. Although personal meetings constitute an important business activity at Axis, substantial efforts have been made to limit travel by using webinars, online training and seminars for our employees, partners and customers. During 2012, Axis offered courses in various online formats for more than 14,000 participants all over the world, thus eliminating a substantial number of business trips on behalf of both Axis and its partners.

Although Axis has increased the reporting scope, the key performance indicators (KPI) from 2012 clearly show a negative trend with regard to



\* An error was found in the calculation for 2011 and the figure has been corrected from 10,946 CO<sub>2</sub>e to 10,914 CO<sub>2</sub>e.

## ENVIRONMENTAL EDUCATION

During 2012, over 100 employees attended a course in environmental education. The course focused on the environmental impact of Axis' operations and products, and what Axis employees can do to contribute to an environmentally sound working life and sustainable design process. The purpose of the course is to raise environmental awareness among Axis employees and to encourage them to apply this in their daily work. More employees will attend the course during the coming year.

carbon emissions. The results will be evaluated and investigated during 2013 and measures will be taken to reverse this trend.

### Logistics and transportation

Products are sold through an indirect distribution model, in which 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 55,000 partners worldwide.

Axis has four Configuration and Logistics Centers (CLC), one each in Hungary, the US, Sweden and the Czech Republic. During 2012, the CLC in Thailand was closed. Axis manages the Swedish center, and 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. Axis has an overall transportation goal of reducing CO<sub>2</sub> emissions per ton-km. In 2012 carbon emissions were reduced from 337\* gCO<sub>2</sub>/ton-km to 284 gCO<sub>2</sub>/ton-km, a great achievement which brings us closer to the overall goal of a 20 percent reduction by the end of 2016. Emissions per shipped outbound unit amounted to 5.8 (9.3) kg per shipped unit – also a reduction. The reduction of emissions per ton-km and shipped units can be explained by the fact that Axis has increased its control over transportations in Europe, and now controls not only air freight, but also shipments by truck. Another improvement is that shipments to Russia are consolidated in a hub in Central Europe for onward shipment in one full truck.

By changing our logistics setup and increasing the volume of product units at CLC4 in the United States, we have been able to ship products in bulk by boat instead of air. The United States is Axis' biggest market, and by increasing product volume at CLC4, we are moving closer to the market and the customer. This enables a change to more environmentally friendly transport and reduces transportation distance, thus contributing to the decrease of carbon emissions.

During 2012, Axis started a cooperation with two new contractual manufacturers: one in China and one in Mexico. The establishment

in Mexico will also bring us closer to the US market and we expect a further reduction of CO<sub>2</sub> emissions once this site is up and running to full capacity.

Some of Axis' transport partners offer carbon-neutral transports and in 2012 we had a carbon offset of 500 tons CO<sub>2</sub>. Axis works continually to minimize emissions from transportation and optimize the logistics flow.

### Energy consumption Lund

The facilities of Axis Communications in Lund, where 64 percent of all employees are located, are supplied by electricity from external companies; the energy mix varies depending on the location: Emdalavägen, Scheelevägen or Maskinvägen. The energy consumption of the facilities in Lund is included in the Carbon Footprint Report.

The total energy consumption has increased from 2011 to 2012, as a consequence of an increase in the number of employees.

Because Axis rents its premises, major investments to reduce energy consumption can only take place at the initiative of the landlord. However, during 2012 a cooling system was replaced. The new system will give energy savings of 45,552 kWh annually. Axis has also continued investing in replacing traditional lighting with LED lighting.

### Materials

The environmental impact and consumption of materials by Axis' own operations are mainly related to the use of office supplies. A target for reducing the use of copying paper per employee in Lund has been set. In 2012, each employee used 5.7 kg/year (8.1). The reduction is the result of increased environmental awareness and double-sided printing being implemented as a default setting on all printers.

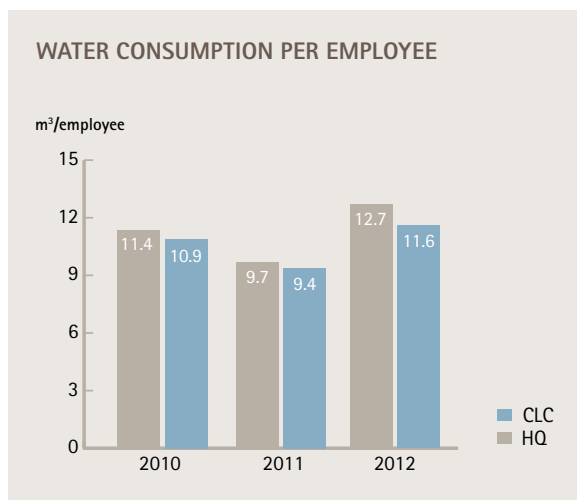
### Manufacturing

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

Manufacturing processes like die casting, plastic injection molding and surface treatment 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 workplace environment risks for handling hazardous chemicals.

Axis therefore requires 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' facilities, we check compliance with these requirements. Axis requires that all suppliers have knowledge of environmental issues, have identified their environmental impact and work to reduce the impact in relation to measurable and realistic targets. Through Axis' list of banned and restricted substances, we also prohibit our suppliers from using harmful chemicals.

\* An error was found in the calculation for 2011 and the figure has been corrected from 343 gCO<sub>2</sub>/ton-km to 337 gCO<sub>2</sub>/ton-km.



## Water

Data is collected from 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 house-keeping, drinking, toilets etc. Consequently, no water recycling takes place. The amount of water used has increased from 2011 to 2012. Consumption per employee has also slightly increased. The reason for this increase is not yet known.

## 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 or nearby protected areas.

## Chemicals and waste

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

The amount of non-toxic waste has increased from 156 tons in 2011 to 176 tons in 2012 as a result of company growth. Of the 176 tons non-toxic waste, 56 (36) percent was recycled. Forty-three percent was incinerated and 1 percent was used for landfill. The increase of recycled waste is due to improved waste separation and higher awareness.

The non-toxic waste at Axis' mainly consists of household waste. Non-toxic 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.

Toxic waste consists of office electronics, batteries and light bulbs. Toxic waste decreased during 2012 to 5 tons from 14.

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.

## Non-compliance

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

## SUSTAINABLE COMMUTING IN LUND

A study of the commuting habits of Axis' employees shows that many employees still use the car to go to work. The first study was conducted during 2011 in cooperation with Skånetrafiken and Lund Municipality. It showed that to a large extent, employees living close to Axis headquarters in Lund already use a sustainable way of commuting. However, employees living further away use a car more often to get to work. During 2012, an action plan was put in place, where employees were offered discounted bus and train fares during summer. A follow-up study shows that despite this, many employees still use their car as the preferred mode of transportation. Axis will continue to focus on mobility issues and to encourage employees to use sustainable modes of commuting.



# 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 2012 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' third 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), of which 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 through an indirect distribution model, in which 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 2012 calendar year with comparative figures for previous years.

All currency 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 2012 has been published in connection with the Annual Report.

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



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# GRI references

Axis' Sustainability Report 2011 follows the Global Reporting Initiative guidelines level C. The following index shows where in the report and in the Annual Report 2012 (AR) – Corporate Governance Report – the information can be found. Only the GRI core indicators, and the additional indicators Axis has opted to report, are listed.

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4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	6
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	6
4.14 List of stakeholder groups engaged by the organization.	6

Indicator	Description	UNGC	Page
<b>Economic performance</b>			
Core EC1	Direct economic value generated and distributed.		28
<b>Market presence</b>			
CORE EC7	Procedures for local hiring and proportion of senior management hired from the local community.	6	22
<b>Environmental performance indicators</b>			
CORE EN1	Materials used by weight or volume.	8	10
CORE EN3	Direct energy consumption by primary energy source.	8	25
CORE EN4	Indirect energy consumption by primary source.	8	27
CORE EN5	Energy saved due to conservation and efficiency improvements.	8–9	25
ADD EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements.	8–9	25
ADD EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	8–9	27
CORE EN8	Total water withdrawal by source.	8	27
ADD EN9	Water sources significantly affected by withdrawal of water.	8	27
ADD EN10	Percentage and total volume of water recycled and reused.		27
Core EN11	Land owned, leased, managed in protected areas and areas of high biodiversity value.		27
ADD EN13	Habitats protected or restored.		27
CORE EN16	Direct and indirect greenhouse gas emissions.	8	25
CORE EN17	Other relevant indirect greenhouse gas emissions.	8	25
ADD EN18	Initiatives to reduce greenhouse gas emissions.	7–9	25
CORE EN19	Emissions of ozone-depleting substances.		25
CORE EN21	Total water discharge by quality and destination.	8	25
CORE EN22	Total weight of waste by type and disposal method.		27
ADD EN24	Weight of transported, imported, exported, or treated waste deemed hazardous.		25
CORE EN26	Initiatives to mitigate environmental impacts of products and services.	7–9	26
CORE EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		25
ADD EN29	Environmental impact of transports.	8	26

Indicator	Description	UNGC	Page
<b>Labor practices and decent work performance indicators</b>			
CORE LA1	Total workforce.		22
CORE LA2	Employee turnover.		22
CORE LA5	Minimum notice period(s) regarding operational changes.		17
CORE LA10	Average hours of training per year per employee.		17
ADD LA11	Programs for skills management and lifelong learning.		22
CORE LA13	Composition of the Board, management and employees per category (gender, age group, minority group).	1, 6	AR
<b>Human rights performance indicators</b>			
CORE HR6	Operations identified as having significant risk for incidents of child labor.	1, 2, 5	6
CORE HR7	Operations identified as having significant risk for incidents of forced or compulsory labor.	1, 3, 4	6
<b>Society performance indicators</b>			
CORE SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	10	22
CORE SO4	Actions taken in response to incidents of corruption.	10	NA
ADD SO5	Public policy positions and participation in public policy development and lobbying.	1–10	NA
ADD SO6	Financial and in-kind contributions to political parties, politicians, and related institutions.	10	NA
ADD SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices.		NA
<b>Product responsibility performance indicators</b>			
CORE PR1	Life cycle stages in which health and safety impacts of products and services are assessed.	1	10
CORE PR3	Type of product and service information required by procedures.		10
ADD PR5	Practices related to customer satisfaction.		17
CORE PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications.		28
ADD PR7	Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.		NA



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## About Axis Communications

Axis is the market leader in network video and a driver of the shift from analog to digital video surveillance – thereby paving the way to a smarter, safer, more secure world. Axis offers network video solutions for professional installations featuring products and solutions that are based on innovative and open technology platforms.

Axis has more than 1,400 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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