

Sustainability report 2015



Axis participates in the above organizations.

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This report covers the most important sustainability aspects of our business and how we are managing these in order to meet the expectations of our stakeholders, and to further strengthen Axis as a brand and as a corporate partner. Axis reports according to Global Reporting Initiative's guidelines for sustainability reporting, G4 core guidelines. The report covers the fiscal year 2015. Further information can also be found in Axis' Annual Report 2015 and Corporate Governance Report 2015, both available in English at www.axis.com.

About Axis

Axis offers intelligent security solutions that enable a smarter, safer world. As the market leader in network video, Axis is driving the industry by continually launching innovative network products based on an open platform - delivering high value to customers through a global partner network.

Axis has long-term relationships with partners and provides them with knowledge and ground-breaking network products in existing and new markets. Founded in 1984, Axis is a Sweden-based company listed on NASDAQ Stockholm under the ticker AXIS.

For more information about Axis, please visit our website www.axis.com.

Highlights

- > Canon acquired about 85 percent of the shares in Axis.
- > Axis advanced its positions with regard to countering corruption and bribery. The zero tolerance policy against corruption covers employees, the board of directors, suppliers, distributors and partners.
- > Axis has offset carbon emissions generated by business trips and has introduced new stricter guidelines for business travel. This carbon offset scheme is carried out in conjunction with a Plan Vivo project and is contributing to environmental and social improvements.
- > A Green Design Evaluation Form was introduced in the product development processes in all projects with the aim of integrating environmental considerations into product development in an even better way, while the products should meet quality and functionality requirements.
- > A green lease was signed with one of Axis' property owners in Lund, which means that Axis and the property owner shall work actively together to reduce the environmental burden of the premises and property.
- > Axis has a goal to phase out PVC from its products and at the end of 2015, about 70 percent of all network cameras and encoders were PVC-free.
- > The supplier auditing processes were improved further. Stricter requirements and collaboration with Axis has meant that many suppliers have improved their sustainability work.
- > To further improve the working environment, Axis implemented measures such as creating a new rehabilitation process for employees in Sweden aimed at getting persons who are ill back to work faster and working preventively with health and safety and improving security at workplaces in several different countries.
- > A number of initiatives were implemented in order to promote greater equality and diversity, including a gender analysis study and a salary survey in Sweden.



More than
80,000
partners

● HQ:
Lund, Sweden

● Regional offices;
Chelmsford, USA
Hertfordshire, UK
Munich, Germany
Paris, France
Moscow, Russia
Dubai, United Arab Emirates
Hong Kong Special Administrative Region, China
Sao Paulo, Brazil
Singapore, Republic of Singapore

Employees in
more than

50
countries

Selection of awards

*AXIS Q61-E PTZ Dome Network Camera Series received the **Good Design Award**, known as the "G Mark" Award from the Japanese Institute of Design Promotion.*

*Axis received high rankings on **Great Place to Work** lists in Sweden, the US and Germany.*

*Axis' Zipstream technology won the Australian Security Industry Award for Excellence in the category "**CCTV Product of the Year**" from the Australian Security Industry Association Limited (ASIAL).*

*Axis' Zipstream technology received the 2015 **New Product of the Year Award** for Advanced Imaging Technologies from Security Products Magazine in the US.*

*Axis' Zipstream technology received the **Innovative Product of the Year Award** from the New Zealand Security Association (NZSA).*

*AXIS C3003-E Network Horn Speaker was awarded **Product of the Year** by IoT Evolution Magazine in the US.*

*Axis' Zipstream technology won the Video Surveillance Advanced Imaging Technologies category at the **SIA New Product Showcase awards ceremony** in the US.*

Number of
employees
in the Axis group

2,139

SEK 6,635 million
in sales

Driving change — with sustainability in continued focus

Sustainability is an important and integrated part of Axis' business operations and plays a significant role in our successful growth. We aim to take sustainability into account in all business processes and throughout the entire value chain. In a rapidly changing world, where we increasingly see a trend towards customized security and video solutions, we need to find new ways of doing business. We have taken a number of important initiatives to participate in and drive this development; while sustainability will continue to be a natural part of our operations and in all our business processes.

Axis develops innovative and intelligent products and solutions that help people to feel safe and secure. As market leader in network video and as a large employer, Axis acts as a model. We want to act as a model when it comes to sustainability questions and we have good opportunities to influence our environment. We take long-term responsibility for how our operations impact end customers, distributors, partners, suppliers, employees, investors and society.

Axis works proactively with sustainability. Customers are increasingly demanding that we also take responsibility for issues relating to business ethics and the environment, among other things.

Axis conducts its sustainability work in four areas: economic responsibility, business ethics, environmental responsibility and social responsibility. Sound corporate governance forms the basis for our sustainability work. Axis' sustainability efforts and strategy are based on the UN Global Compact's ten principles.

I am proud of all the efforts and progress we have made during the year in terms of minimizing our environmental impact, striving for good working conditions and promoting ethical conduct in business relationships and preventing corruption across the entire value chain.

Successful and eventful year

Canon has acquired about 85 percent of the shares in Axis. A strong and long-term principal owner means that we can further strengthen our competitiveness as we will gain greater access to leading know-how and technology, while we are continuing to operate and develop as an independent company.

During the year, a decision was taken to construct a new headquarters in Lund. The building will be environmentally certified and will be strongly associated with Axis' long history as an innovative growth company. In the new headquarters, we will create more meeting places, which are important for continued advancement of our strong corporate culture and in order to have a workplace where all employees thrive and develop.

Ethical business relationships

We develop long-term relationships and collaborate closely with our suppliers, which helps to ensure ethical business conduct in the entire value chain.

During the year, Axis has advanced its position in respect of its efforts to fight corruption and bribery. For example, all distributors have signed an addendum to the distributor agreement where they undertake to comply with Axis' anti-corruption policy.

Reduced environmental impact


Axis' innovative products and solutions shall be at the leading edge of technology and shall be environmentally friendly and energy efficient. Sustainability considerations shall pervade all processes from product development to logistics flows and end use of the products and solutions. During the year, we started to offset our carbon footprint from business trips and we continued to phase out PVC from our products, with the goal that all products should be PVC-free.

Attractive workplace

Our dedicated and skilled employees and our strong corporate culture, characterized by an entrepreneurial spirit, innovation and openness, have been and remain very important for Axis' successful growth.

I am very satisfied that we have managed to retain our unique corporate culture over the years while expanding in all markets.

In order to ensure that we attract and retain the best employees and maintain our strong corporate culture, while continuing to grow, we have created further leadership training courses, improved the introductory program for new employees and further developed our various national and international training programs.

A portrait of Ray Mauritsson, President, smiling and wearing glasses and a blue and white checkered shirt under a dark blue sweater. The background is a soft-focus indoor setting with warm lighting.

Other measures implemented with the aim of creating an even better working environment as well as greater diversity and equality, include a gender analysis study.

Driving change

We have driven the shift from analog to digital video surveillance for many years. This shift has largely taken place and the market is now in a more mature phase. In line with the changing market, we need to find new growth areas while rapid technological advancements are enabling new, smart solutions. Our ambition is to also drive this change.

We will boost our sales in the fast-growing small and medium-sized installations segment, which is a part of the market still dominated by analog video surveillance. This segment is expected to grow faster than the market as a whole.

We are developing our offer to include more overall solutions where software is an increasingly important component. We are continuing to maintain a high innovation rate and we are diversifying by providing more smart products and solutions in order to offer complete security systems. Thus we are creating new business opportunities for ourselves and our partners as well as new possibilities for end users, while we are strengthening our position in the market for network surveillance solutions and in other parts of the security market.

We are also continuing to advance our partner network and expand globally, where we are boosting our presence in emerging markets.

Good opportunities

Our challenges also include to continue advancing the work on business ethics across the entire value chain and to retain our strong corporate culture, while we expand.

We are continuing to make sustainability an even more integrated part of our business and in our day-to-day work, in all the areas we operate in to achieve our sustainability targets.

Axis is well-prepared to meet the challenges faced by the company and I am convinced that we will continue to deliver profitable growth.

I am very confident about the future. I look forward, together with our dedicated and skilled employees to continue driving the change process, while at the same time, we want to act as a model for the industry when it comes to sustainability, in order to create a smarter and safer world.

Ray Mauritsson
President

Sustainable governance

Axis focuses on four areas when it comes to sustainability: environmental considerations, social responsibility (human and labor rights), economic responsibility and business ethics. These areas are based on sound corporate governance.

This strategy supports and embraces the ten principles of the UN Global Compact. Axis became a participant of the UN Global Compact initiative in 2007 and we continuously strive to improve our performance in relation to sustainability.

As a company listed on the Nasdaq Stockholm Exchange, Axis also applies the Swedish Code of Corporate Governance. Furthermore, Axis has accelerated and extended its implementation and testing of controls over financial reporting based on COSO's (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal control.

Axis aims to make sustainability an integrated part of its business strategy and operations, where continuous improvements are made at all levels. To support this process, our environmental and sustainability-related work follows an organizational framework:

Axis' Sustainability Council

Axis' Sustainability Council has the overall responsibility for sustainability matters. Responsibilities include, for example, implementation of Axis' Code of Conduct and related policies, as well as monitoring company activities. The council is mainly composed of representatives from the Axis Management team.

Axis' Sustainability Project Group

Axis' Sustainability Project Group contains representatives from the following corporate functions: Human Resources, Global Sales, Quality & Environment, Finance and Communications. The group is responsible for the development of sustainability efforts in different areas and for extending the reporting to cover additional areas within the framework of the UN Global Compact initiative.

Axis' Environmental Council

Axis' Environmental Council contains representatives from R&D, Product Management, Communications and Operations, as well as members of the Management team. The Council works with general environmental issues and initiates projects aimed at minimizing Axis' environmental impact and at integrating environmental aspects into the product development process.

The Ethics Council

The Ethics Council is composed of representatives from the Management team. The council handles ethical issues and consults, discusses and decides on matters related to Axis' business conduct.

Workplace health and safety teams

There are two workplace health & safety teams. One team is composed of all CLC (Configurations and Logistics Center) managers, a trade union representative, a safety representative and a representative from Human Resources. The other workplace health and safety team is composed of representatives from Facilities, Human Resources, R&D as well as safety representatives. The purpose of the teams is to pursue systematic working efforts in the health and safety field at the workplace.

Code of Conduct

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

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



*Axis' Sustainability Project Group;
Jenny Weeks, Lovisa Petersson, Ausra Reinap, Liv Andresen Radojkovic, Per Björkdahl, Fredrik K Nilsson (not pictured) and Björn Hallerborn (not pictured)*

Intelligent solutions global challenges

Axis is a global company and is impacted by political, economic, social, environmental and technological macro trends. A transformation is underway to an economy where solutions and services are demanded as a complement to specific products, which is creating new business models and offers. Axis is well-equipped to meet this shift and sees an increased need for intelligent solutions that enable smarter use of technology and contribute to a safer world.

Global demand for smart solutions

Axis is a leading global provider of intelligent security solutions. Axis has employees in more than 50 countries and together with over 80,000 partners, Axis offers network video products and solutions.

The global market for intelligent security solutions is expected to grow, particularly with new types of applications, analysis functionality, integrated solutions and innovative customer-specific solutions. A clear shift is also in progress, where customers are increasingly demanding a service or solution before products. Axis anticipates continued growth for intelligent security solutions in mature markets such as North America and Europe and also in emerging markets.

Complete solutions

In a rapidly changing world where technologies, services and business models are being constantly updated, customers are demanding more complete solutions instead of product solutions, which ensure that the various components function optimally in combination. Digitalization involving new technologies such as the Internet of Things and cloud services are helping to facilitate this change.

The development is taking place on a wide front, in more mature markets such as Europe, USA and Japan, but also in many emerging markets where in many cases there is no legacy technology to take account of.

The Internet of Things

The Internet of Things (IoT), where various devices and objects are interconnected has been around for a long time but is now starting to seriously gain momentum; from smart cars to more household items communicating with each other and access to a network camera via Internet using a smartphone.

Axis released the world's first network camera in 1996, and early security networks consisted of interconnected devices in a network. Companies can connect different security functions such as alarms, video surveillance, access control and loud speakers with an emergency center in a connected platform, which can be easily managed remotely.

Security, data integrity and personal integrity are of the utmost importance as more devices are continually connected to each other. Security is a prioritized issue for Axis and an integrated part of research and development efforts when it comes to creating new products and solutions. Axis strives to offer the most secure products, applications and solutions in the market. Axis' products and solutions support encryption and filtering of IP addresses, authentication, protect content and can support rapid updates when vulnerabilities are detected.

Axis informs and trains its partners in order to ensure that network cameras and solutions are installed and used correctly so that the material is handled, protected and stored in a secure way. Anonymization and functionality limitations for end users help to further protect personal integrity (read more about Customer privacy and personal integrity on page 27).

As IP-based security products and solutions replace analog systems and are connected together, the volume of information is increasing, which can be converted to commercial advantage using business intelligence. This increases the need for intelligent solutions and video analytics that can create insights and knowledge from the collected volume of information and image data streams.

A current example is counting how many people enter a department store and working predictively to avoid queues, by opening more cash desks at the exit as more people arrive.

olutions for ges

Urbanization and smarter cities

Urbanization is a distinct global macro trend. Urban populations are growing rapidly, especially in emerging economies. This is increasing demand for different types of security-related solutions such as surveillance systems to guarantee the safety and security of citizens, customers and employees. Network video surveillance improves safety in squares, parks, streets and crossings and in public buildings such as schools and government offices.

Higher population density is also increasing pressure on critical infrastructure such as public transport services, transport systems and energy supplies. Network video systems have an important role to play. Intelligent surveillance solutions may be deployed to manage and monitor traffic flows, protect critical infrastructure, provide alarms in emergency situations and more rapidly detect accidents so that rescue personnel can arrive at the scene.

Protecting and improving societal functions

A range of important societal functions are vulnerable and need security solutions such as energy production, healthcare services, educational systems, important industrial production sites and infrastructure.

Apart from ensuring safety and security, intelligent solutions also help to improve the efficiency of societal functions, which benefits various public services such as the fire department, police, other public authorities as well as private individuals. Automation of societal functions is an important aspect of the smart city, and intelligent solutions can enhance the efficiency and improve the work of operators, among other things. One example is to monitor traffic lights to avoid traffic jams and improve traffic flows.

Intelligent security solutions

Axis has a broad portfolio of products and solutions and offers proprietary solutions as well as solutions in conjunction with partners. Many solutions require specialization for application in different segments. Axis has identified the following segments: Banking & Finance, City Surveillance, Critical Infrastructure, Education, Government, Healthcare, Industrial, Retail and Transportation. Axis' security cameras, video encoders, accessories and access control products are based on open industry standards. The products integrate easily with Axis' software and with partners' products and solutions.

Axis and its more than 80,000 partners have the world's largest base of installed network video products and solutions. Axis is well-equipped and positioned to meet the global demand and challenges and the changes that are taking place.

Sustainable SO for a smarter and safer



New guidance system for bicycle parking

The City of Utrecht in the Netherlands wanted a digital guidance system for bicycle parking to help cyclists find empty parking spaces for bikes in the numerous parking facilities. Nijmegen city center wanted to improve tracking of abandoned bicycles and increase its bicycle parking capacity.

A smart camera system from Axis' partner LumiGuide was installed inside the bicycle parking facilities. The solution detects empty spaces in the bike racks. Axis HD network cameras were installed on the ceiling and work like human eyes by scanning for free spaces several times a minute. The system also "sees" if there is enough room to park a bike in a particular slot.

"We chose Axis because we want to be able to use our cameras for ten years. They are also very discrete," says Roel van Dijk, CEO LumiGuide BV.

The digital parking guidance system ensures that the available parking spaces for bikes in the designated areas are utilized better. The system also provides the city government in Utrecht with management information so the city can respond quickly when parking stations are filled to capacity by providing portable bike racks.

Safer school routes for children

Minoh City in Osaka, Japan, installed Axis security cameras on all municipal elementary and middle school routes and reported incidents decreased by approx. 50 percent.

The Minoh Police were concerned about a number of kidnapping cases of young children, which had recently taken place throughout Japan and reports of what seemed to be attempted kidnapping incidents in the city as well. So the city council decided to install security cameras to ensure safety on the school routes throughout the city to prevent such crimes against young children.



They are equipped with a "privacy masking function", which conceals specified locations such as house entrances and windows in order to protect residents' privacy.

The installation of the cameras had an instant effect. A purse snatcher on a moped was arrested in Minoh using images captured from multiple cameras. In addition, the number of suspicious incidents reports has been almost halved¹ since 2014 (down from 30 cases to 17).



Intelligent traffic flow planning and optimization

The Municipality of Prato in Italy, is improving traffic planning and optimization with Axis video surveillance.

Traffic monitoring is a very important issue for Prato Municipality, since providing statistics on the number, type and speed of vehicles in transit enables planners to correctly scale new infrastructure projects and adequately estimate the dimensions of the roads that can have the most effect in terms of improving traffic flows.

The installed system, featuring an application from Magenta Lab and cameras positioned at strategic entry and exit points to the city, helps the Municipality to monitor traffic flows and collect a large amount of real-time data and statistics. Benefits of the system include the following: vehicles can be rerouted and congestion reduced; emergency services can rapidly identify the best and fastest route to their destination; radio stations can provide detailed information to listeners and users can access live footage on the Internet and make itinerary decisions based on real-time data.

"We are fully satisfied with the installed system from all viewpoints. The quality of the Axis cameras combined with the intelligent video function for counting vehicles has proved to be ideal for achieving the objectives of our municipal administration," says Mr. Bardazzi, from the Municipality of Prato.

¹ Source, the Minoh City Council Manager's blog on June 29, 2015.

solutions world

Axis' intelligent security solutions enable enhanced security and safety and also create interesting opportunities for companies, public authorities and organizations all over the world.

Bond between family and newborn strengthened with IP cameras

Olomouc University Hospital in the Czech Republic, uses Axis cameras in incubators for observation of premature and ill newborns. This strengthens the bond between the babies and families.

The postnatal department of Olomouc University Hospital is equipped with 12 incubators, which are used to care for premature and ill newborns. Current medical research has shown that emotional bonds are crucial for the successful development and recovery of a child.

Therefore, the chief physician of the department looked for a way to ensure a video link between the mother and newborn using a camera installed in the incubator.

Axis cameras were installed in all incubators and connected via a video hosting platform from NetRex. Each incubator has secure access for the child's family. The family can view the child in an intuitive web interface on a tablet, computer or using a smartphone application. This enables a direct connection between a child in an incubator and its closest relatives, even in a situation when a personal visit would not be possible. A recording is not produced, in order to protect privacy.

"The system using the Axis camera in the NetRex platform has clearly been positively received by the families. Mothers and other relatives who meet for 'incubator streaming' very much appreciate that they can monitor the child's development each day with their own eyes, which further strengthens their bond," says Dr Lumír Kantor, chief physician at the hospital's postnatal department.



Innovative access control system

Toyota Center in Helsingborg, Sweden, is enhancing security using an innovative access control solution and is getting a more flexible system for drivers when delivering cars and accessories.

Toyota Center is a full-service facility, selling new and used cars, offering servicing and repairs as well as supply

of spare parts. The challenge has been to protect the area from unauthorised access, which has mainly resulted in the theft of airbags, GPS units and exclusive alloy wheels. Toyota Center wanted a solution that would make it easier for delivery drivers to access the site and also to enhance security in the area.

"We already had a service contract with Securitas Direct for the intruder alarm, and now we have simply added the new AXIS A8004 Door Station unit at the gate. This was a simple solution that added a huge amount of value for us," says Håkan Nordeman, Security Officer at Toyota Center.

The network-based entry phone system with a camera was installed at the gate and additional cameras were installed just inside the gates. The drivers now need to present their ID and communication with an alarm operator ensures that only the right people have access to the site. Toyota can see the number of deliveries and the times of day at which they arrive, providing a clearer view of the efficiency of the business. Footage from the cameras can easily be accessed by Toyota Center's security manager via an app on his mobile devices so he can check that everything is in order.



Stakeholder dialogue

Stakeholder groups	Dialogue
Employees	Survey <i>A Great Place To Work</i> , online survey with all employees, performance development review
Distributors and partners	Interviews with distributors and partners in all regions where Axis has operations, training, webinars, customer survey
End customers	Interviews with end customers in all regions where Axis has operations
Suppliers	Interviews with contract manufacturers and other suppliers, training, webinars
Investors	Survey, meetings, board meetings, Annual General Meeting
Society	Interviews with representatives from local authorities (Lund) and relevant organization, collaboration with universities, trade fairs and other activities for students, local initiatives and projects

Axis has a large influence on the lives of many people and therefore takes long-term responsibility for how its operations affect the organization's employees, distributors and partners, end customers, suppliers, investors and society. Axis conducts a continual dialogue with and creates value for its stakeholders, builds relationships and takes responsibility for business ethics as well as for financial, environmental and social matters.

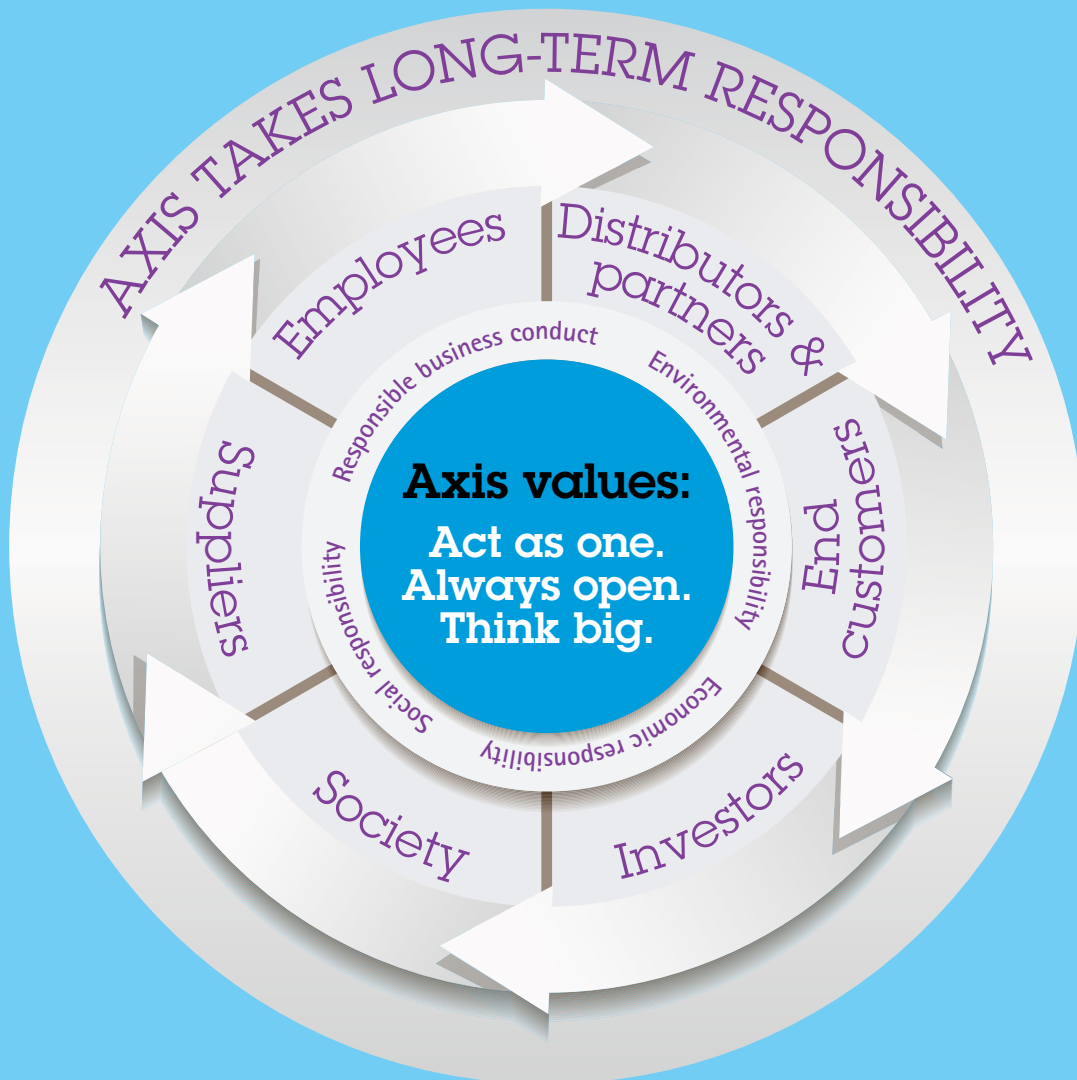
Axis is a global company with more than 2,100 employees in more than 50 countries and over 80,000 partners around the world. Axis strives to have a continual and open dialogue with its stakeholders: employees, distributors and partners, end customers, suppliers, investors and society, in order to find out what expectations stakeholders have of our business.

During 2015, Axis conducted internal workshops with the Sustainability Project Group in order to identify relevant aspects and plan how the dialogue with the various stakeholders should occur. These workshops were based on the stakeholder dialogues conducted by Axis in 2014. Axis has also taken account of key external trends that impact the company.

In order to identify what sustainability issues are most important and the priorities for the various stakeholder groups, Axis has conducted interviews with stakeholders as well as questionnaires and surveys.

Axis has had a dialogue with all stakeholder groups. Turning to investors, Axis gained a new principal investor during the year and Canon has a representative on Axis' Board.

The results of the dialogues have been compiled and analyzed by the Sustainability Project Group. *Read more under Materiality analysis.*



Materiality analysis

The materiality analysis is based on the stakeholder dialogues and shows what the key issues are for Axis' stakeholders and for the company. The stakeholder dialogues enable Axis to identify what issues and aspects are important for the various stakeholder groups. The materiality analysis was conducted in accordance with GRI G4. Weighting and a careful assessment has been carried out by the Sustainability Project Group. Aside from the stakeholders' view of what is most relevant, Axis has analyzed what aspects have the greatest impact and importance for the company.

Besides the aspects that are ranked most important according to the materiality analysis, Axis also describes other areas of importance for the business. As for legal compliance, which concerns a number of the G4 aspects, Axis regards this as the minimum requirement and the aim of our sustainability work is to raise the bar further. We will continue to report on any legal compliance issues in our sustainability report, but in terms of materiality, we will focus our efforts beyond the legal requirements.

One example is that Axis is a signatory to the United Nations Global Compact initiative and its ten principles covering human rights, labor, environment and anti-corruption serve as a guide for Axis' sustainability efforts.

The following aspects are ranked most important by the stakeholders and have the greatest impact and importance for the company.



Economic responsibility

Consistent profitability is of central importance for Axis and the stakeholders, and is the basis for Axis' long-term sustainability work. [Read more on page 20](#)



Business conduct

Long-term relationships are of the greatest importance when it comes to our business conduct. Our suppliers and partners are a central part of our business model and we work closely with them in order to ensure that our expectations are met in respect of business conduct. We work actively to ensure that all our business relations are handled in a responsible, transparent, trustworthy and consistent way. [Read more on page 22.](#)

Our most important aspects are:

- > Anti-corruption
 - > Customer satisfaction
 - > Customer privacy and personal integrity
-



Environmental responsibility

Axis' environmental responsibility ranges from a local and direct responsibility within the organization to a more indirect responsibility outside the organization. We work with our environmental impacts along the value chain, focusing our efforts on where we have a chance to make the most difference. [Read more on page 28.](#)

Our most important aspects are:

- > Materials in the products and product energy performance
 - > Our carbon footprint: energy consumption, transports and emissions
 - > Supplier environmental performance
-



Social responsibility

Axis' social responsibility means an overall positive contribution to society as well as the safeguarding of human rights including health and safety at the workplace. We take long-term responsibility for how our operations impact our employees, suppliers and partners. We are also involved in different initiatives to benefit local communities and the end users of our products in the countries where we operate. [Read more on page 38.](#)

Our most important aspects are:

- > Occupational health and safety
- > Equal opportunities and non-discrimination
- > Labor practices and human rights in the supply chain

Responsibility

along the value chain

Axis' business model has been and is extremely important for the company's successful growth; including sourcing from suppliers to sales via distributors and partners to end customers. By informing and auditing suppliers and informing partners, Axis works to promote sustainable conduct along the entire value chain.

The aspects that are most important for Axis from a sustainability perspective impact all or parts of the value chain.



Sub-suppliers

Anti-corruption

Materials in the pro

Supplier environmen

Occupational health

Equal opportunities an

Labor practices and h

Successful business model

Axis has six contract manufacturers, a large number of strategic component suppliers and over 80,000 partners around the world. A strong partner network creates a global market presence and means that Axis is well-positioned to take advantage of the market's growth potential.

Axis' indirect sales model is a core part of the company's strategy. Sales of Axis' products and solutions take place via distributors, which sell on to system integrators and resellers, which in turn sell to the end customers. This indirect business model means that the direct responsibility for manufacturing, distribution and installation largely rests with suppliers, distributors, resellers and system integrators.

Even though the legal responsibility for Axis' sustainability efforts only covers the company's own operations, Axis works to ensure that suppliers and partners minimize their environmental impact, act ethically and take economic and social responsibility.

Axis informs and audits its suppliers and informs its partners to ensure that all component sourcing, manufacturing, sales and distribution occur in a sustainable way.

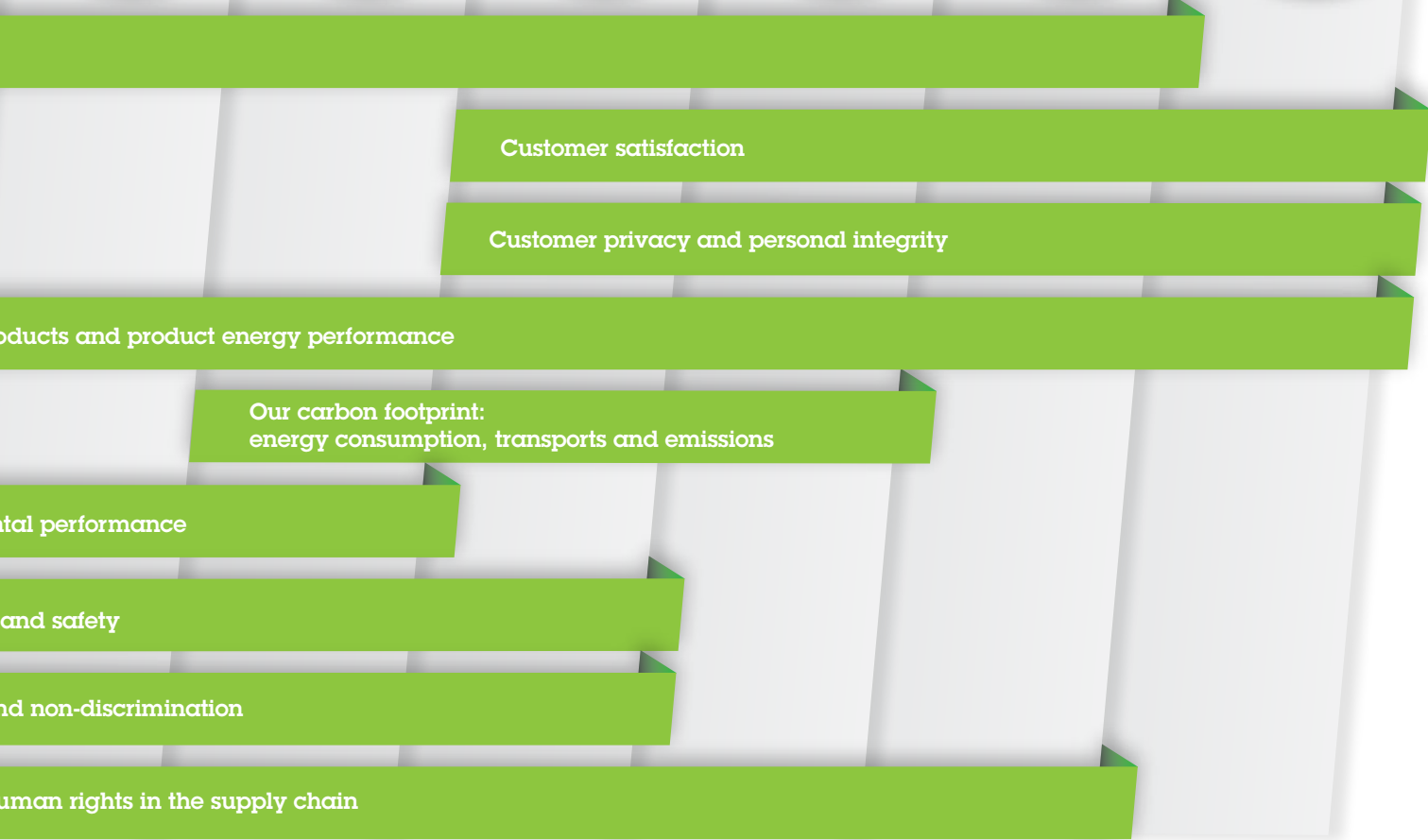
Through long-term and close collaboration, risks can be minimized and the company can focus on taking advantage of opportunities, for sustainable growth.

Important aspects

The illustration shows where the important sustainability aspects have an impact in the value chain.

The important aspects are more relevant in some parts of the value chain than others, while some aspects are relevant along the entire value chain.

To read more about the aspects, see each area on the following pages.



Economic responsibility

Business mission

Axis makes it possible for people to create a safer and more secure world for citizens, employees and customers.

Axis' business mission is to drive the shift from analog to digital video surveillance and offer customers all the benefits of comprehensive intelligent network video solutions.

Vision

Innovating for a smarter, safer world.

Mission

Together, we pioneer intelligent network technology creating unique possibilities for partners, end users and employees.

Economic responsibility

For Axis, it is natural to work on a long-term basis to achieve consistent profitability and to create value. Axis has always prioritized profitable growth. Historically, Axis has shown good growth, been profitable and has had stable finances.

The economic value created by Axis benefits the stakeholders. Economic value is created for suppliers, distributors and partners, employees, society and shareholders.

Axis wants to be an industry leader when it comes to sustainable enterprise. As the market leader in network video, Axis has good opportunities to increase respect for the environment and improve the standard of sustainability efforts across the entire industry.

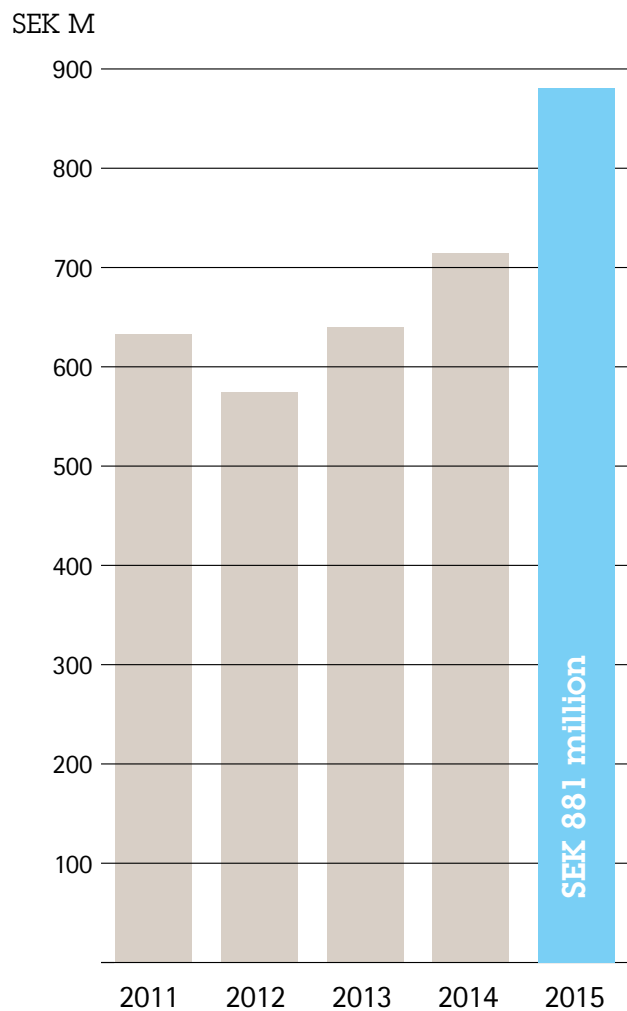
Financial goals

Axis' financial goals aim to create a good basis for safeguarding shareholders' interests for a long-term increase in value.

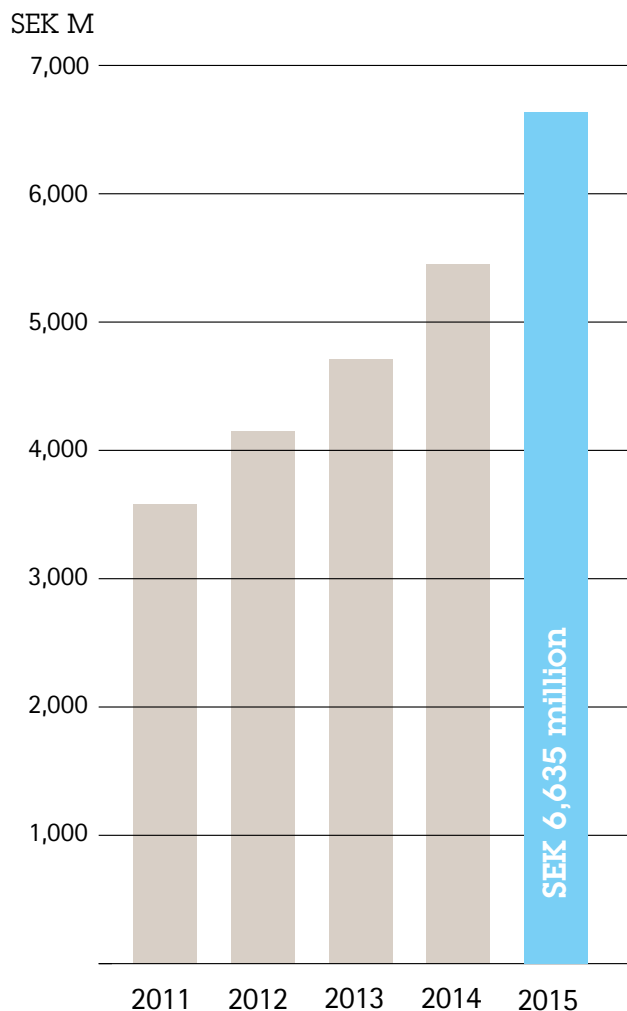
The financial goals for growth and profitability enable continual investments in line with the company's strategies. Axis' market-leading position creates a good basis for achieving growth, profitability and financial stability.

Further information may be found in Axis' Annual Report for 2015.

Operating profit/EBIT



Sales



Business conduct



AXIS
COMMUNICATIONS

Business conduct – business ethics across the entire value chain

Axis is the market leader in network video and is driving the development of innovative and intelligent security solutions, and it also has the ambition to act as a model when it comes to business ethics. Axis has long-term and close relationships with its partners, which contributes to ethical business conduct in the entire value chain and ensures that product development, manufacturing, sales and distribution take place in a sustainable way in the long term.

Sustainability is a natural part of Axis' business model and business processes; from relations with suppliers to products and solutions at end customers. All business relationships should be handled in a responsible, transparent, credible and consistent way.

Axis works close to its partners to ensure that they act in accordance with the company's requirements. During the year, Axis increased and clarified its demands for sustainable conduct from partners and added even more weight to sustainability efforts in the sales organization.

Long-term partner relationships

Long-term relationships with partners is an important part of Axis' business model. Axis has over 80,000 partners. Together with its partners, Axis has the world's largest base of installed network video products and solutions.

A shared view on ethical business conduct, openness and transparency strengthens relationships between Axis and the company's partners and contributes to sustainable long-term growth.

As part of this approach of working close to its partners, Axis offers various training courses and programs for sharing of knowledge. Within the framework of Axis Communications' Academy, Axis since the start in 2005 has conducted a large number of training courses globally about the benefits of network video: 61,000 people have participated in classroom training, 33,000 in online courses and more than 37,000 people have watched education videos. During 2015, 10,000 people participated in classroom training arranged by Axis Communications' Academy.

Axis has an indirect sales model, which means that the company has a limited insight into projects and activities both forwards and backwards in the value chain. The direct responsibility for manufacturing, distribution and installation largely lies with suppliers, distributors, resellers and system integrators. Axis informs its partners about its sustainability work with the aim that all of its partners should act ethically. Also see Axis' value chain on page 18-19.

Goals and target fulfilment

Anti-corruption

Axis has a policy of zero tolerance against all forms of corruption and bribery.

- > Almost 100 percent of employees have signed Axis' anti-corruption policy and have participated in training on these issues.
- > All the company's distributors have signed a supplementary agreement to the distributor agreement, where they undertake to act in accordance with laws and regulations in respect of corruption and bribery and to comply with Axis anti-corruption policy.
- > The anti-corruption policy is implemented in all partner agreements at a silver and gold level.
- > All suppliers have signed the Supplier Code of Conduct and undertake to comply with Axis' policy of zero tolerance against corruption.

During the year, no incidents or suspicions of corruption have come to light.

Customer satisfaction

Axis aims to have long-term and close customer relationships and very satisfied customers. The latest customer survey, carried out in 2015, showed that 81 percent of customers were highly satisfied with Axis.

Customer privacy and personal integrity

Axis should handle customer privacy and personal integrity in a correct way. During 2015, Axis received no complaints relating to customer privacy.

Ethical guidelines and rules

Axis has a Business Ethics Council, which ensures that business is conducted in a responsible way and in accordance with the company's business ethics policy. Furthermore, an export control policy is in place to guarantee compliance with export control regulations and Axis has signed the UN Global Compact. Axis complies with rules for corporate governance such as the Swedish Code of Corporate Governance and has continued to upgrade its framework for internal control based on COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Axis' Code of Conduct

The Code of Conduct establishes the values and guidelines upon which Axis conducts its operations. The company's Code of Conduct is based on the UN Global Compact's ten principles, the UN Declaration of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Employees undertake to comply with the Code of Conduct, which lays down how they should act in commercial situations, internally and externally. Training about what the Code of Conduct means in the day-to-day work is part of the introduction program for new employees.

Partners are expected, apart from complying with laws and regulations, to also observe Axis' Code of Conduct. Axis works to inform its partners about these guidelines and principles and about the expectations related to them.

Supplier Code of Conduct

Axis has a number of carefully selected suppliers for manufacturing and assembly of its products. All suppliers have to sign and comply with Axis' Supplier Code of Conduct, which is based on Axis' Code of Conduct.

The Supplier Code of Conduct was introduced in 2011 in order to clarify the requirements on suppliers. Since its introduction, Axis' supplier requirements have also become more clearly defined.

The UN GLOBAL COMPACT

HUMAN RIGHTS

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	make sure that they are not complicit in human rights abuses.

LABOR

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labor;
Principle 5	the effective abolition of child labor; and
Principle 6	the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7	Businesses should support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.
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"I am really impressed at how much thought and effort Axis has put into environmentally friendly manufacturing and good sustainable practices in its business. I think highly of Axis as a brand and knowing that Axis is planning for the future strengthens my appreciation of the company's products and values."

**Marcel Bruyns,
Product Manager,
Pinnacle Security Solutions, South Africa**

The UN Global Compact

The UN Global Compact is the world's largest sustainability initiative and is based on ten principles in the areas of human rights, labor, environment and anti-corruption. Axis signed the UN Global Compact in 2007 and has worked according to these guidelines ever since then. These are guiding principles for how Axis conducts its sustainability work.

Zero tolerance against corruption

Axis has zero tolerance against corruption and bribery. The company's market-leading position means that it is extra important to have a strong policy against all types of corruption, bribery and conflicts of interest. During the year, Axis has advanced its position in relation to anti-corruption work.

Programs for employees, partners, distributors and suppliers

Axis has a global anti-corruption policy, which was adopted in 2012, in order to ensure that all business relations are conducted in a responsible, transparent, consistent and credible way. This policy is part of the program against bribery, corruption and conflicts of interest operated by the company and helps to clarify Axis' standpoint on the issue, both internally and externally.

Almost 100 percent of employees have signed an agreement where they undertake not to accept bribes or participate in corruption, in accordance with the anti-corruption policy. All new employees sign this agreement when they are employed at Axis. This agreement is updated continuously and all employees sign the anti-corruption policy again at regular intervals.

All employees have also participated in training aimed at learning about these rules, Axis' values and their application in day-to-day situations. The Board also signs the anti-corruption policy and is informed about what it implies.

Axis informs its partners in order to ensure that they act in accordance with the anti-corruption policy. This occurs in the form of webinars, at partner conferences and in newsletters to partners. The global anti-corruption policy is implemented in all partner agreements at a silver and gold level. If a partner should breach the anti-corruption policy, then the partner agreement is not renewed.

During the year, the company's distributors – those that have not previously done so – signed a supplementary agreement to the distributor agreement, where they undertake to act in accordance with laws and regulations in respect of corruption and bribery and to comply with Axis anti-corruption policy. All distributors have now signed the supplementary agreement, which is a requirement for Axis to renew the distributor agreement.

All suppliers must sign and comply with Axis' Supplier Code of Conduct, which incorporates Axis' policy of zero tolerance against corruption and bribery. Axis conduct regular audits of suppliers. Suppliers that fail to comply with the requirements are given the opportunity to take corrective action and if this does not happen, the suppliers are gradually phased out and replaced. Read more about supplier audits on page 35-36.

Whistleblower function

In order to ensure transparency, Axis has a whistleblower function where employees can report suspected cases of irregularities relating to the company or if someone becomes aware of something that violates the company's Code of Conduct. How the whistleblower function should be used is described on the Intranet and in the Code of Conduct. Reports can be made via a special e-mail address that reaches representatives from Human Resources and the Management.

Customer satisfaction

Axis has a long-term and close cooperation with its customers. Enduring customer relationships and satisfied customers are of great importance for Axis' long-term growth and success, and the company works actively to meet customer requirements as far as possible. Customer surveys are conducted regularly at distributors and partners all over the world, in the markets where Axis operates.

The latest customer survey to measure Axis' business performance among sales channel participants was conducted in 2015. The survey was sent to Axis' sales channels across 47 countries, and more than 11,000 partners responded to the survey. Customers were asked if they were satisfied overall with Axis as a partner, if they would recommend Axis to others and what Axis can improve.

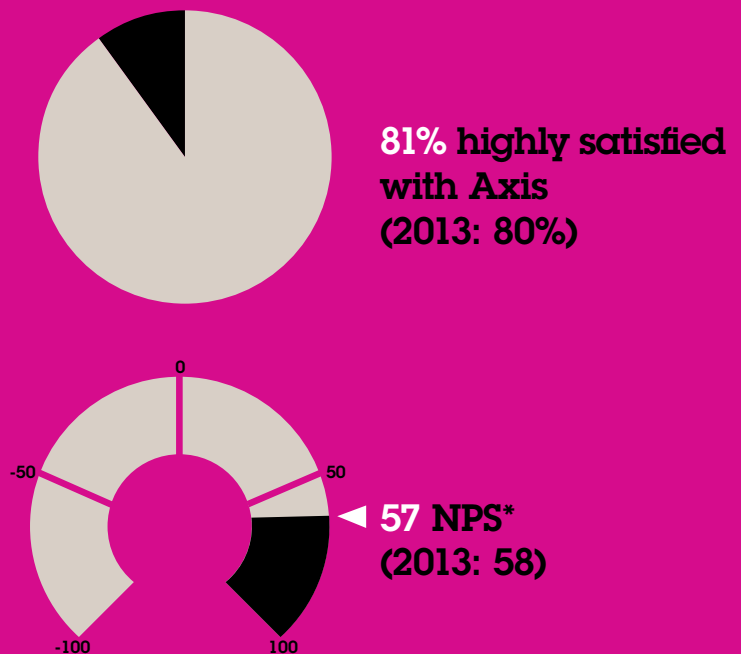
The customer survey showed that 81 percent of respondents were highly satisfied with Axis. This very high satisfaction rate has been stable since the last survey was conducted in 2013. Customer loyalty according to the Net Promoter Score (NPS) was 57. The NPS score has increased by 19 percent since the survey was first conducted in 2010.

In the survey, product quality, services and people were seen as the best assets of Axis by a large majority of respondents. Axis received high ratings for its leadership in IP technology and understanding of the market. Axis is viewed as a reliable, high-quality company and partners are highly satisfied with the attitude of Axis staff. The wide range of products and solutions is considered the best offer in the market, fulfilling most needs and applications.

Areas with potential for improvement were also identified and followed up and corrective action taken.

As a part of the corporate culture, all employees are encouraged to interact with customers to obtain first-hand information about how they perceive the collaboration in order to develop and further improve customer relationships. The interaction with customers is inscribed in the personnel policy, which covers all employees.

Overall customer satisfaction (survey 2015)



** Net Promoter Score (NPS) is a common method used to measure customer loyalty. It is calculated as follows: $NPS = \% \text{ of Promoters} - \% \text{ of Detractors}$. The index ranges from -100 to +100, meaning that any figure above 0 is positive, and results above 50 are very good.*

Regular surveys

Axis conducts regular customer surveys in order to measure how satisfied customers are with the company and how they think Axis can improve its work, products and solutions. The results from the surveys are evaluated against previous surveys and feedback is provided to the relevant departments in the organization, so that Axis can take possible corrective action.

Customer privacy and personal integrity

Axis' intelligent security solutions enable a smarter and safer world. The need for surveillance solutions to provide increased security and protection is balanced against a potential impact on personal integrity.

A major reason why people are positively disposed to surveillance cameras in public places, according to opinion surveys, is the perception that surveillance cameras counteract crime.

Network cameras can also be employed to monitor traffic flows, emit an alarm in emergency situations and can be used for various types of intelligent analytics to improve the efficiency of societal functions.

For Axis and the company's partners, it is of the utmost importance to correctly manage personal integrity and customer privacy. Apart from being necessary to comply with laws and regulations, it is crucial for retaining long-term customer loyalty and competitiveness.

Protected systems

To ensure customer integrity and confidentiality, Axis handles all information about partners and end customers in very well-protected systems. Axis works continually to further improve security in order to protect customer information.

Correct use

Axis' network cameras and solutions are important components in security systems. The end users are responsible for how surveillance cameras are used and how video material is stored, which are the two most important aspects of personal integrity.

Axis is careful with its choice of partners, and works actively to inform its partners in order to ensure, as far as possible, that the company's network cameras and solutions are used properly, and that video material is protected and stored securely. When partners and end users act according to Axis' recommendations and guidelines as well as national and international laws, the risk that the cameras will be used in an improper way is reduced.

Technological innovations in network video enable anonymization and functionality limitations, which increase the protection of personal integrity. Together with partners, Axis has developed advanced software solutions that, when implemented in surveillance systems, can be used to further increase protection of personal integrity and ensure that cameras only record what is necessary. Examples of such functions are

privacy masks, which automatically blur faces and hide some parts of the images, time restrictions for recording and authority limitations. Axis' products and solutions support encryption, IP address filtering and other forms of data protection.

Apart from legal restrictions for use of surveillance technologies, international trade restrictions such as sanctions and embargoes have an impact on exports and sales of some products to certain countries. By closely following national and international laws, applying sector-specific best practice and using technological innovations, customers can obtain the increased security and protection that video surveillance solutions offer while impacting personal integrity as little as possible.

Continual dialogue

Axis invites all distributors to examine and inspect how Axis stores and handles data, however, to date no distributors have elected to do so. Axis regularly invites in representatives from public authorities such as the County Administrative Board to its partner meetings, in order to have a dialogue about questions relating to personal integrity.

Questions relating to customer privacy and personal integrity are handled immediately by the company and are taken extremely seriously. Axis had no reported incidents or complaints relating to customer privacy during 2015.

Environmental responsibility



Environmental responsibility – environmental considerations throughout the value chain

Axis strives to minimize the environmental impact from its operations and from the company's products and solutions. Most of Axis' environmental impacts are indirect, related to production, logistics and energy consumption in the product end user phase. Therefore Axis strives to make improvements along the value chain and throughout the products' entire life cycle. Axis takes local and global environmental responsibility and collaborates with suppliers and partners to minimize the direct and indirect environmental impact and thereby also limit the company's carbon footprint.

Environmental initiatives 2015

Axis implemented a number of measures during the year. These include:

- > offsetting carbon for all business trips and introducing new stricter guidelines for all employee business trips
- > launching and introducing a Green Design Evaluation Form for more environmentally conscious product development
- > signing a green lease for the headquarters in Lund
- > introducing a new system solution; GreenSoft's system solution to collect, validate and maintain data regarding product content.

Goals and target fulfilment

Facilities

Reducing electricity per employee at the headquarters and CLC in Lund.

- > Reducing electricity consumption by 5 percent per employee at headquarters compared to 2014. During the year, Axis increased electricity consumption per employee from 2.6 MWh to 2.8 MWh.
- > Reducing electricity consumption by 5 percent per employee at the CLC in Lund compared to 2014. During 2015, electricity consumption per employee was reduced from 5.3 MWh to 5.1 MWh.

Freights

- > Reducing CO₂ emissions from freight transports by 20 percent per ton-km by 2016 compared to 2011. During the year, CO₂ emissions per ton-km increased by 9.1 percent. Since 2011, CO₂ emissions decreased by 7.4 percent.
- > Average decrease of 5 percent in CO₂ emissions (for Axis-controlled outbound transports) per ton-km to customers, compared to the average CO₂ emissions in 2012. Since 2012, there has been a reduction of 1.1 percent.
- > Increase ocean and road transport in relation to air transport. Use ocean and road freight for more than 60 percent of transports (ton-km). Transport distribution by mode in 2015:
Ocean/road 53 percent (2014: 76 percent)
Air freight 47 percent (2014: 24 percent)

Green Design

Axis launched and introduced a Green Design Evaluation Form in its product development processes for all projects. The aim is to integrate environmental considerations into product development in an even better way, while the products also should meet quality and functionality requirements.

The Green Design Evaluation Form makes it easier to evaluate various aspects such as optimization of product weight and volume, use of recycled material and restrictions on use of material containing substances that are hazardous to health and/or the environment. Other aspects include easy assembly and disassembly of products, number of components and material waste.

Since 2015, the Green Design Evaluation Form shall be used in all projects. During 2016, a summary will be produced of the concrete results of the Green Design Evaluation Form.

The Green Design Evaluation Form follows Axis' Green Design Guidelines. These guidelines are based on lifecycle analyses that were conducted on a number of cameras.

Green lease

Axis has signed a green lease with one of its property owners in Lund. The agreement means that Axis and the property owner will work actively together to reduce the environmental impact of the premises and property: reduce energy usage and water consumption, consider environmental impacts when choosing materials for the premises, improve waste management, adopt a green IT strategy and aim to facilitate employees in using more sustainable forms of transport when they travel to and from work. A concrete action plan will be produced during 2016.

Reduced environmental impact

Axis works systematically to ensure that product development, material choice, material origin, components and packaging meet Axis' strict quality and functionality requirements, while minimizing environmental impacts.

This includes using recycled instead of newly manufactured plastics, reducing the number of product parts, choosing low-weight components, minimizing material waste, optimizing assembly and disassembly, improving the efficiency of energy consumption in the operations and in the products, streamlining logistics flows, choosing environmentally friendly transports and optimizing product packaging.

Material choice

Axis works to reduce the environmental impact from material in the products, minimize the use of substances that are dangerous for humans

and the environment, and carries out surveys mapping the use of conflict free minerals.

In addition to complying with applicable legislation and guidelines such as the EU's RoHS directive (Restriction of Hazardous Substances) and the REACH regulation (Registration, Evaluation, Authorisation and restriction of Chemicals), the use of further substances and materials is restricted by Axis such as organic tin compounds, bromine and chlorine.

Greensoft

During 2015, Axis evaluated and started the implementation of a new system solution, Greensoft. Greensoft offers Axis the possibility to systematically collect, validate and maintain data regarding product content. This implies a better overview of compliance data and will save resources.

Phasing out hazardous materials

Axis' cameras consist of different materials, including aluminum, zinc, steel, stainless steel, PC/ABS (polycarbonate/acrylonitrile butadiene styrene), PC (polycarbonate), PA (polyamide), PMMA (polymethyl methacrylate), polyurethane, silicone, thermoplastic elastomer, and rubber.

Halogen-free products

Axis has a long-term goal to offer halogen-free products. According to the International Electrochemical Commission's (IEC) definition, the material should contain less than 900 ppm of chlorine or bromine or less than 1,500 ppm of halogens in total to be considered halogen-free. Chlorine is mainly found in polyvinyl chloride (PVC) and chlorinated flame retardants. Bromine is found in brominated flame retardants.

Polyvinyl chloride (PVC)

PVC is damaging both to the environment and to human health and can release potentially harmful substances during its life cycle. Axis strives to phase-out PVC plastic from all its products and has been successful in these efforts. Around 70 percent of Axis network video cameras and encoders are PVC-free. The PVC-free camera models include the AXIS M1124, AXIS M1125, AXIS Q6114-E, AXIS Q6115-E, AXIS Q6128-E, AXIS P14 Series, AXIS Q35 Series and AXIS P32 Series (products released within series by 2015).

Bromine

In its work to reduce the use of bromine, Axis conducts thorough surveys of bromine in all components used in the company's products. Bromine and brominated flame retardants are mainly found in plastics, circuit boards, in electronic components including circuits, transistors and connectors.

Green Design Camera Concept

Conscious decisions in the product development process can reduce a product's environmental impact without affecting its mechanical requirements or increasing the cost. This is shown by 'Development of a Green Design Camera Concept,' a thesis that students from the Faculty of Engineering LTH at Lund University, have conducted at Axis.

Green Product Design group

Axis is working to systematically integrate environmental aspects into its product development processes. Axis' Green Product Design group, consisting of environmental, product development, design and mechanical engineers, works to ensure that the choice of design made in the product development phase minimizes the products' environmental impact, which includes choosing components of as low weight as possible, avoiding hazardous materials and using recycled instead of newly manufactured plastics.

The Green Product Design group initiated the Green Design Camera Concept project.

Green Design Camera Concept project

The aim of the project was to develop a green design concept for an existing Axis network camera, by modifying the mechanical design. Environmental aspects should play an equally important role as other requirements during the development work.

The overall camera cost should not be affected, and the Green Design Camera concept should meet the same mechanical requirements as the existing camera model – the AXIS M10 Series.

The main focus of the Green Design Camera concept was choice of material, waste production and energy use.

The material should be environmentally friendly, save resources during production, not contain any hazardous substances, and recycled and recyclable material should be used.

The camera prototype should have a low weight, be easy to assemble and disassemble, easy to repair, be efficiently packaged in order to minimize environmental impacts during transport and should be possible to recycle efficiently.

Components that are still in working order should be recycled. Energy should be saved, among other ways by using environmentally friendly material and production methods as well as modes of transport with a low environmental impact. The packaging should have as low weight and volume as possible in order to reduce fuel consumption during transport.

Result

The final concept was a camera made of recycled material with significantly fewer parts than the original model, which does not need any adhesives or screws to be assembled or disassembled.

By disassembling the camera and stand during transport to the customer, packaging volume is decreased, thereby reducing transport costs and environmental impacts.

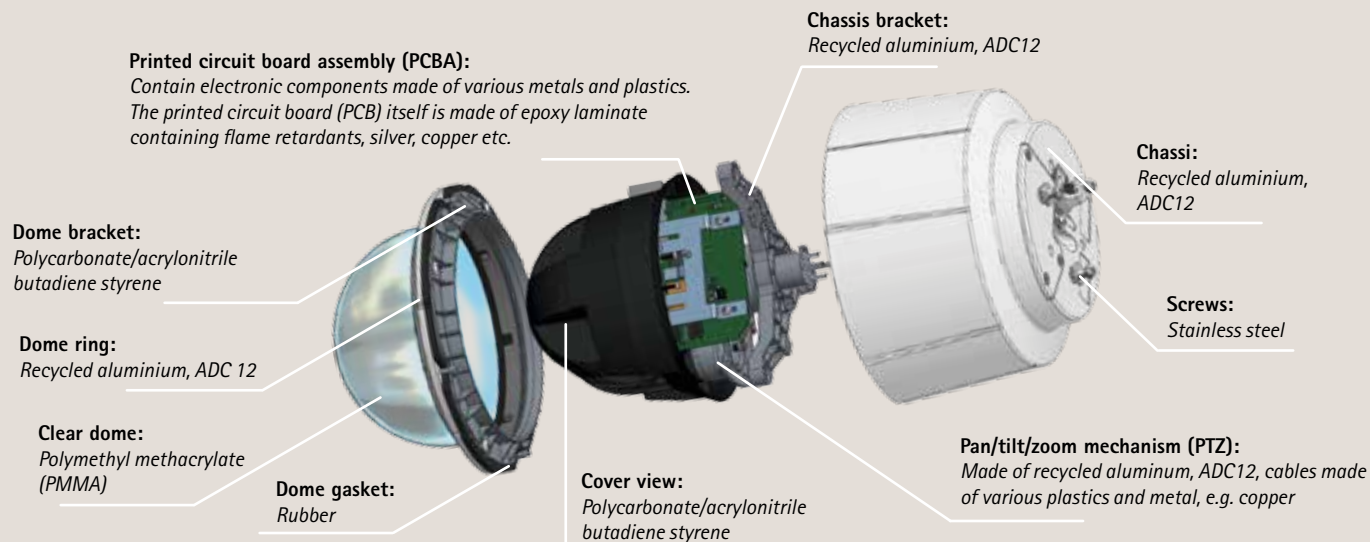
In the next stage, the different aspects will be verified and implemented in the product development processes.

As a result of this project, conscious choices have been made when designing a new generation of the AXIS M10 Series.

In the new AXIS M10 cameras, the main parts are made of plastic containing 80 percent recycled material.

The camera chassis is made of recycled aluminum and will be easy to disassemble, improving recycling possibilities. The packaging is optimized which has a positive environmental impact on transports.

Furthermore, improved design allows automatic adjustment of focus, enabling customers to make adjustments by themselves. This minimizes transport as well as the amount of scrapped units.



Recycled material

Axis strives to increase the use of recycled material in the products, e.g. by replacing newly manufactured plastics with recycled plastics. During the year, Axis has phased in and verified two additional plastics containing recycled plastic, which will be used in development projects starting from 2016.

Roughly 95 percent of the material in Axis products is recyclable or combustible in accordance with Swedish recycling standards. The packaging material is made of recycled material to some extent.

Energy consumption in the products

In the product development process it is important for Axis to address the energy efficiency of its products and to make product energy consumption as efficient as possible. Axis has conducted life cycle analyses of a number of products. The analyses scrutinize processes ranging from the product development process and use of the camera in the customer's business, to the disposal of the product at end of life. The results of the analyses indicate that between 60 and 80 percent of the total environmental impacts of the studied network cameras are related to energy consumption by the end users.

Axis works systematically to further improve energy efficiency by energy-optimizing software and hardware, while ensuring optimal product functionality, performance and image quality.

Addressing our carbon footprint

Several activities related to Axis' operations generate carbon dioxide emissions, which have an impact on the global climate. Therefore, Axis aims to take responsibility in these areas, as well as in the manufacturing and design of its products. Part of this work is to reduce our overall carbon footprint and to impose stringent demands on our suppliers. By annually monitoring and reporting our carbon dioxide emissions, we get an idea of which processes generate the most emissions and where we need to focus our attention to reduce our impact.

The 2015 Carbon Footprint report focuses on emissions related to transports, energy consumption of premises, company cars, business

travel and paper consumption. Data for Axis' Carbon Footprint Report has been obtained from Axis' headquarters in Lund, from the company's regional offices and from Axis' configuration and logistics centers.

According to the Greenhouse Gas (GHG) Protocol, a company is accountable for emissions resulting from operations over which it has control, in either financial or operational terms. 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.

Carbon footprint

Compared to 2014, Axis' carbon footprint in 2015 increased from 17,209 to 23,940 tons CO₂e, an increase of approx. 39 percent.

The increase is mainly explained by a drastic increase of third party deliveries but also by a change in the calculation of emissions, all in accordance with the GHG Protocol. In the report for 2015, an additional calculation factor, indirect upstream emissions in Scope 3, has been added for e.g. all third party deliveries (road, ocean and air freights).

This has had a great impact on the total amount of CO₂e emissions. Approximately 3,000 tons CO₂e of 2015's total CO₂e emissions were due to the updated calculation method. Upstream emissions have been added in 2015 due to new scientifically accepted emission factors for this data – data that was not available during 2014. Updates in the calculation tool will be continuously made as new emission factors are added when established data are available.

In addition to the above, Axis has also included three new sales offices in the reporting scope.

However, besides the updated calculation method, Axis still had a significant increase in emissions due to third party deliveries. In 2015, emissions from inbound and outbound freights increased by approx. 28 percent (upstream emission factor excluded). Inbound deliveries were accountable for the largest part of this increase. For more information regarding Axis' logistics and the reason for the increase, see page 33-34.

The increase in the number of air freights and the change in calculation of emissions have also had a negative impact on related key performance indicators (KPI). During 2015, Axis has also grown, including considerable increases in product sales, number of employees, and in terms of extending our facilities. Emissions relative to sales have increased from 3.2 tons CO₂e to 3.6 ton CO₂e per SEK 100 M. However, if emissions due to the change in calculation method are excluded, this KPI figure has actually decreased slightly, from 3.2 to 3.1 CO₂e per SEK 100 M.

Despite the expansion of the reporting scope, emissions generated by Axis employees, such as energy and paper use, leased cars and business travel² were the same as last year, 2.3 tons CO₂e per employee.

Corporate business travel accounts for a large part of the greenhouse gas emissions generated by Axis employees and is the second largest source of Axis' total emissions; approx. 12 percent of all emissions. To address this, Axis initiated carbon offsetting in 2015 for all business trips.

If the figure for 2015 – 2,800 tons of CO₂e – is deducted from Axis' total CO₂e emissions, the above KPI for Axis employees would be 1.3 ton CO₂e. Axis is continuing its efforts to reduce the number of business trips, for example, by conducting webinar training courses and virtual meetings. To read more about the company's carbon offsetting efforts, see page 34.

Energy consumption in premises

At the headquarters in Lund, where 62 percent of all Axis employees are based, the target for 2015 was to reduce electricity consumption per employee by five percent compared to 2014. Unfortunately, the electricity consumption increased from 2.6 MWh to 2.8 MWh per employee on an annual basis. An explanation is that Axis has increased the size of its premises. Another explanation is that the total electricity consumption for 2015 also includes electricity used for lighting of public areas and for ventilation of the headquarters. These sources were not included in the total consumption for 2014.

Axis cannot impact the electricity connected to ventilation itself – this is controlled by the property owner. In late 2015, Axis signed a green lease with the property owner to further improve collaboration to minimize the electricity use at Axis' premises (see above).

Another way to reduce electricity consumption is to replace physical data servers with virtual servers. At the headquarters, about 85–90 percent of all servers are virtual data centers.

Axis also has a goal that the CLC in Lund should reduce electricity consumption per employee by 5 percent compared to 2014. In 2015, electricity consumption fell from 5.3 MWh per employee to 5.1 MWh per employee.

Logistics and transports

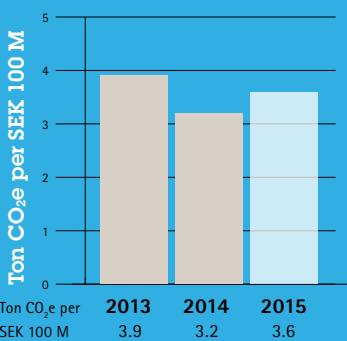
Axis continually works on reviewing and streamlining its logistics chain; both inbound transports, from contract manufacturers to the company's six Configuration and Logistics Centers (CLCs), and outbound transports, from CLCs to distributors. All products should be configured as close to the final destinations as possible. Axis aims to use ocean and road transports as far as possible; ocean transports from suppliers to CLCs and mainly road transports but also air transports of products from CLCs to distributors.

Manufacturing close to the company's markets implies greater flexibility, as short transport distances reduce lead times. The goal is to lower delivery costs and reduce CO₂ emissions generated by product transports. Axis has manufacturing in the three regions Americas, Asia and EMEA.

Reduced emissions

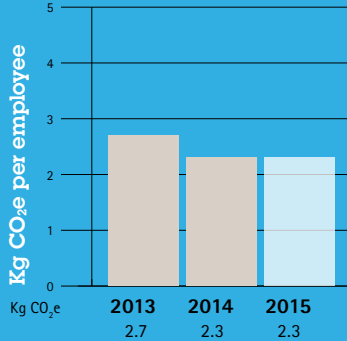
Axis has a target³ of reducing its total CO₂ emissions per ton-km for freight transports by 20 percent until the end of 2016, compared to 2011. During the year, CO₂ emissions per ton-km increased by 9.1 percent. Since the target was introduced in 2011, Axis has reduced its CO₂ emissions per ton-km for freight transports by 7.4 percent.

Ton CO₂e per sales



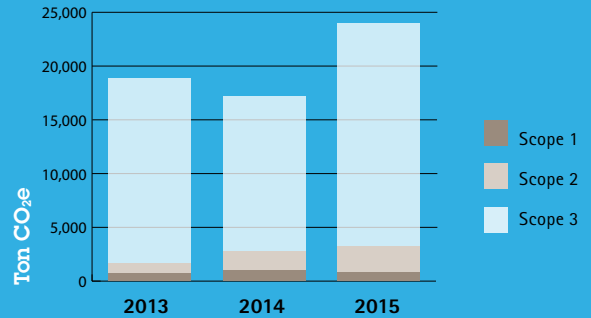
Our total direct and indirect emissions (i.e. including third party deliveries) in CO₂e are followed up in relation to sales.

Kg CO₂e per employee



Our own emissions from offices and business travel (excluding third party deliveries) are measured in CO₂e per employee. Despite the expansion of reporting scope, emissions were the same as last year.

Ton CO₂e per scope



Approximately 73 percent of Axis' operation-related greenhouse gas emissions were caused by freight transports, constituting the largest part of our carbon footprint. During 2015, an additional calculation factor, indirect upstream emissions, was added in Scope 3, which has had a significant impact on the increase of emissions in the scope.

² Third party deliveries excluded, this figure is therefore not affected by the change in calculation method.

³ Note that Axis' logistics target addresses reduction of CO₂ emissions not CO₂-equivalent emissions. The calculations used to measure our target are based on CO₂-data from our shipping agents, not data from the Carbon Footprint tool. The reason for this is that improvements made by our shipping agents will not be accounted for in the Carbon Footprint tool since the tool uses general CO₂ data. Data from shipping agents do not include upstream emissions.

It is mainly the CO₂ emissions for inbound transports that have increased; by 31.8 percent compared to the average for 2014. CO₂ emissions per ton-km for Axis-controlled outbound transports to customers have increased by an average of 2.5 percent during the year, compared to the average for 2014. Since 2012, the reduction was 1.1 percent.

The reason why CO₂ emissions increased during 2015 was because Axis had significantly more air transports than planned. A rapid change in demand occurred for new camera models. Product demand has been strong in the US, but the warehouse is located in Europe; initially Axis only has one warehouse for new products. Due to this quick fluctuation in demand, the company needed to use air freight, both regular air transports and courier flights, to meet customer demand. The fast shift in demand created shortages and also increased the need of air freight for inbound deliveries from contract manufacturers.

As Axis had significantly more air freight than planned, the distribution of modes of transport during the year was not satisfactory. 53 percent was ocean or road transport and 47 percent was air transport (based on gross weight).

Axis aims to manage its logistics chain even more effectively and works systematically to reach the set environmental targets, while meeting customer needs, demands and expectations. Service and deliveries to customers are always prioritized. Sometimes product transports need to occur by air.

Offsetting CO₂ emissions from transports

Since 2012, Axis has offset part of its carbon footprint from outbound transports in Europe, the Middle East and Africa (EMEA). During 2015, Axis offset 535 tons of CO₂e emissions in accordance with the CarbonNeutral Protocol. The CarbonNeutral Protocol is an independently verified international offsetting scheme, which guarantees that each ton of CO₂-equivalent sold is offset by reducing one ton of CO₂-equivalent emitted in an offset project.

Optimization of packaging

Axis is working to optimize and reduce its packaging by using new material and developing innovative packaging methods. In this way, environmental impacts during transports are reduced as well as transport costs.

In 2015, Axis started using inflatable plastic fitting material for packaging some of its products, instead of plastic foam (Stratocell) or corrugated plastic board.

Inflatable plastic fitting is easier to recycle, weighs less and takes up significantly less space during transports. The inflatable plastic fitting is also reused. After the products have been delivered from the contract manufacturers to the CLCs in inflatable plastic fitting, the same packaging material is reused when the products are later repacked for transport on to customers. In this way, resources are saved and there is less waste.

The new fitting material in some cases has also resulted in reduced packaging sizes. The reduced physical space during transports has generated cost savings and has had a positive environmental impact on transports. 19 products use inflatable plastic fitting as a packaging material.

Environmental policy

Axis' environmental policy defines the environmental work and stipulates that the company's products and solutions should be developed, manufactured, distributed and sold in a way that minimizes environmental impacts while complying with national and international laws and regulations. The environmental aspect should also be considered in the day-to-day work, in the company's own operations. The environmental policy is a part of the mandatory introduction program for employees and all employees shall be familiar with the environmental policy.

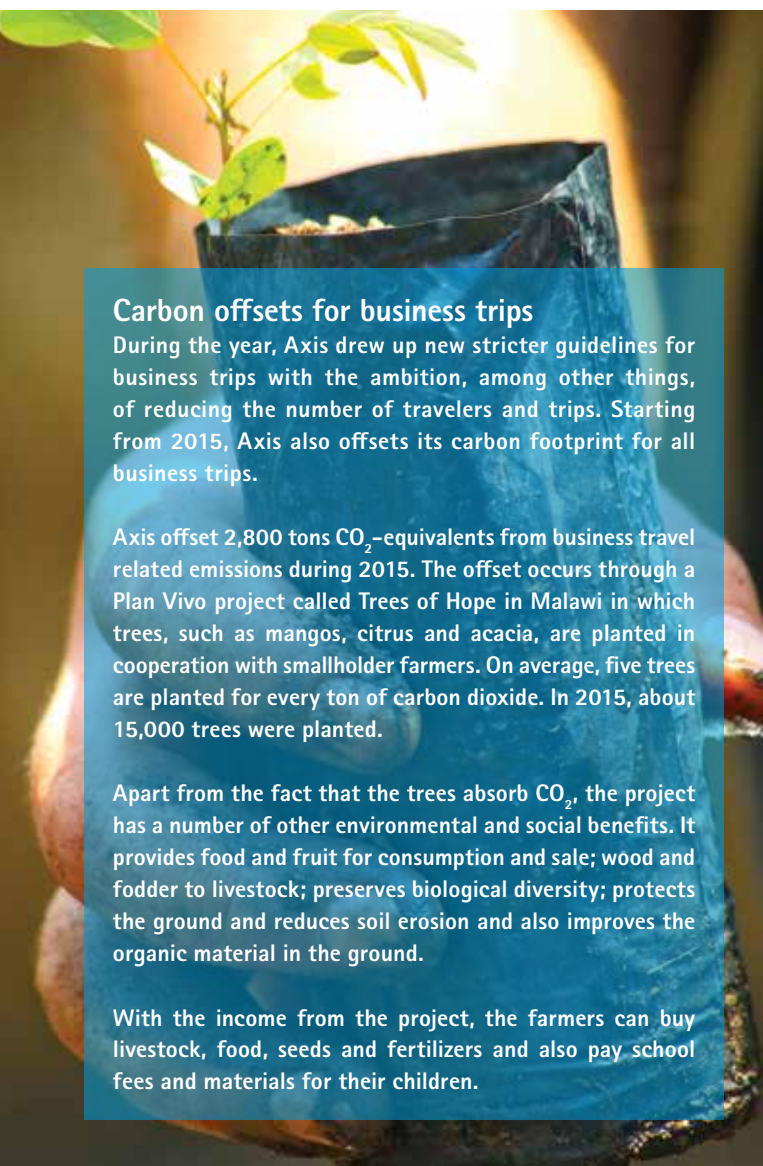
Carbon offsets for business trips

During the year, Axis drew up new stricter guidelines for business trips with the ambition, among other things, of reducing the number of travelers and trips. Starting from 2015, Axis also offsets its carbon footprint for all business trips.

Axis offset 2,800 tons CO₂-equivalents from business travel related emissions during 2015. The offset occurs through a Plan Vivo project called Trees of Hope in Malawi in which trees, such as mangos, citrus and acacia, are planted in cooperation with smallholder farmers. On average, five trees are planted for every ton of carbon dioxide. In 2015, about 15,000 trees were planted.

Apart from the fact that the trees absorb CO₂, the project has a number of other environmental and social benefits. It provides food and fruit for consumption and sale; wood and fodder to livestock; preserves biological diversity; protects the ground and reduces soil erosion and also improves the organic material in the ground.

With the income from the project, the farmers can buy livestock, food, seeds and fertilizers and also pay school fees and materials for their children.



Long-term responsibility – supply chain in focus

Axis has close collaboration with its suppliers and conducts regular audits to ensure that they meet Axis' requirements. All Axis suppliers, subcontractors and contract manufacturers are expected, in addition to complying with laws and regulations, to act according to the Axis Supplier Code of Conduct.

Axis has carefully selected a number of suppliers for manufacturing and assembly of its products.

In the supply chain minerals and metals are mined, oil is pumped for plastics, biomaterial and trees are harvested and chemicals are produced. Energy and other resources are consumed in the factories, creating a risk of pollution and hazardous waste. The work in the factories can be heavy and dangerous, which means that it is important to have thorough regulations and the employees' occupational health and safety in focus. Axis has a direct relationship with 220 suppliers in total: 74 in China, 46 in the rest of Asia, 81 in Europe and 19 in Central and North America.

In the first tier of the supply chain, Axis has six contract manufacturers, located in China, Mexico, Poland, South Korea and Thailand that produce the printed circuit board assemblies and assemble Axis' products. In the second tier of the supply chain, Axis has strategic component suppliers all over the world. Processes here include moulding and pressure casting.

Suppliers are chosen based on criteria including environmental considerations, ethics, quality, price, and flexibility, in no particular order of priority.

Initiatives 2015

Initiatives implemented by Axis during the year to further improve collaboration with suppliers and to promote a shared view of sustainability included translation of the Supplier Code of Conduct into Chinese, production of new training material for suppliers and producing a new conflict mineral policy.

The supplier audit processes were also improved during the year. The questionnaire has been clarified to improve the follow-up of completed supplier audits; it is easier to follow up deviations, planned improvements as well as timeframes for implementation.

Supplier Code of Conduct

Axis' suppliers sign and comply with Axis' Supplier Code of Conduct, which is based on Axis' Code of Conduct and the principles of the UN Global Compact in the areas of anti-corruption, human rights, working environment and environment. These requirements include prohibition of child labor and all types of forced or compulsory labor.

Suppliers should have control over their energy consumption, waste and chemical management, emission levels and have well-functioning water and air purification systems.

Suppliers should either be ISO 14001 certified or have a management system in accordance with ISO 14001, and meet the company's requirements in other respects.

Axis' requirements also include responsible sourcing of minerals aimed at preventing the use of conflict minerals (read more under Conflict minerals).

Axis also inserts an additional paragraph into supplier contracts, when appropriate, which lists prohibited substances, such as hazardous substances that Axis does not allow in its products.

Axis' Supplier Code of Conduct was introduced in 2011 in order to clarify the requirements on suppliers. Since the introduction, the requirements imposed by Axis on its suppliers have become more clearly-defined and the collaboration with Axis has meant that many suppliers have improved their sustainability efforts. During 2015, three of the suppliers that are critical for Axis in environmental and sustainability aspects made significant improvements in relation to chemical management, waste management, safety and working hours.

Thorough supplier audits

Axis conducts supplier audits to follow up how suppliers comply with the Supplier Code of Conduct and the company's requirements relating to environmental impacts, social responsibility and business ethics. Suppliers in both the first and second tier are audited. Axis has conducted supplier audits for many years, but in 2008 the company increased the requirements considerably on suppliers' environmental work and on their sustainability efforts generally.

Suppliers are classified in order to identify which ones have a significant impact on Axis in environmental and other sustainability aspects. This classification is based on risk levels, taking account of country, sector, trustworthiness and previous experience. In total, 84 percent of suppliers classified as having a significant impact have been audited.

Suppliers not yet audited include new suppliers that are expecting audits as well as larger electronics and accessories suppliers such as Dell and Hitachi. Suppliers that are being phased out have not been audited either.

During an audit, Axis environmental and quality engineers visit the factory along with a local representative from the company, where there is one. The inspection takes between one and two days. During an audit, Axis inspects the entire production process up to final delivery, the factory's environmental impact and working conditions, including the physical working environment for personnel. This includes working hours and working routines, chemical management, fire safety, noise levels, identification and measurement of various kinds of emissions and processes for ensuring that the operations are run in an ethical way.

The audit also includes investigating if there is any form of compulsory or child labor. During 2015, Axis has not identified or discovered any form of child labor or compulsory labor.

Interviews are conducted with both management and staff. If a supplier does not meet Axis' requirements, then the supplier and Axis together produce an action plan containing measures to be taken. If the measures are not implemented then the supplier is phased-out and replaced.

Positive effects from Axis' supplier audits include improved handling of chemicals, reduced risk of accidents and a generally improved working environment. The risk of environmental and occupational accidents decreases because Axis ensures that suppliers evaluate their risks and address the ones that are deemed significant.

Axis also conducts training with suppliers in order to provide information about its values and requirements.

Auditors

Axis has 19 auditors in total. Some of the company's quality engineers have participated in training in environmental auditing. A large part of the training occurs through mentorship, where an experienced environmental or quality engineer always accompanies a less experienced environmental or quality engineer.

"I believe Axis shows great commitment to product design today and communicates progress well but the challenge is always to really raise the bar and keep innovation at the top of the agenda. Very good audit work is taking place to ensure compliance with international environmental standards and the Supplier Code of Conduct."

Graeme Elder
Sr Social & Environmental Responsibility
Jabil Circuit Inc.



Audits during the year

Excessive overtime work among employees is a challenge at suppliers in China. In consultation with Axis, one of Axis' Chinese die casting suppliers has taken measures to correct the overtime situation. The supplier introduced a new wage system, which is based on competence, performance and seniority, a new policy and shift work model, which has meant that employee overtime has decreased. Since the new system was introduced, overtime has been reduced to a maximum of 36 hours a month (per employee). Axis will continue to closely monitor how the process is going.

Axis terminated collaboration with a die casting supplier during the year because the supplier did not meet Axis' environmental requirements.

Axis Supplier Academy

Axis Supplier Academy is a program for training suppliers locally in environmental and working environment issues. The training program for suppliers shall improve awareness and understanding of the requirements imposed by Axis.

During 2015, training material was produced regarding Axis' requirements under the Supplier Code of Conduct. During 2016, supplier training will be conducted.

Goal and target fulfilment

95 percent of the suppliers that have a major impact on Axis in terms of sustainability should have an Axis-approved environmental and sustainability management system, or be certified according to ISO 14001.

91 percent of suppliers have such Axis-approved management systems in place, or are certified according to ISO 14001. The remaining 4 percent are new suppliers that are expecting audits or suppliers that are to be phased out for various reasons.

Conflict minerals

Axis works systematically to prevent any so-called conflict minerals in the company's products. Conflict minerals include gold, tantalum, tin and tungsten in cases where they originate from the Democratic Republic of the Congo and nearby countries. Their extraction creates disputes and trade in these minerals finances armed conflicts.

Axis follows recommendations and guidelines from the electronic industry organization, the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI) with regard to taking social responsibility across the entire supply chain.

During the year, Axis established a conflict mineral policy concerning the company's approach to conflict minerals. Axis will not accept, tolerate or engage in any sourcing activities, which may finance conflict or lead to any form of human rights abuse or forced labor.

Axis has a well-documented process for ensuring that the minerals used by suppliers and subcontractors are conflict-free.

Under the Axis Supplier Code of Conduct, all suppliers have undertaken not to supply any components to Axis containing conflict minerals.

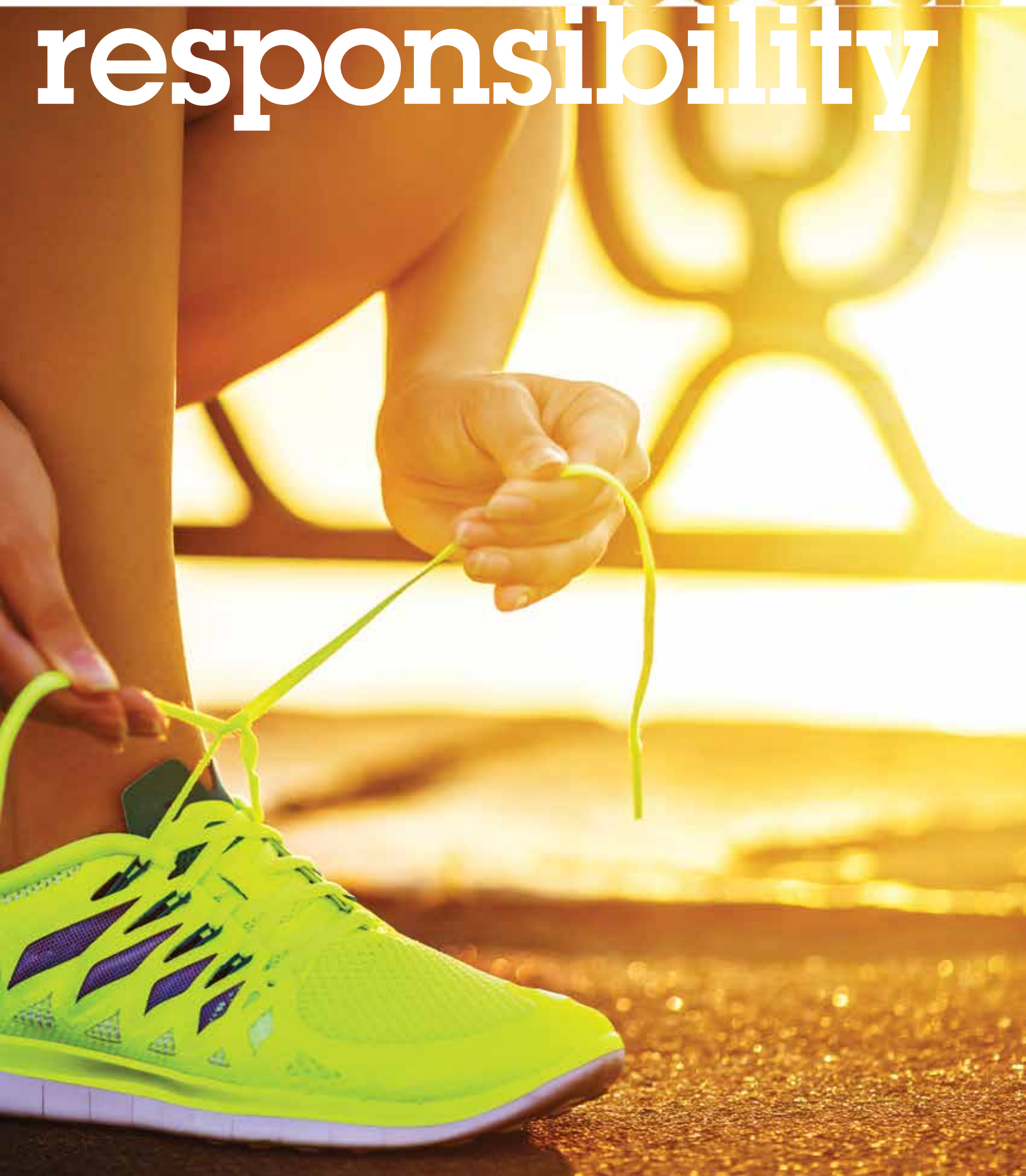
Suppliers must report the origin of the minerals and describe how they are working to ensure that their components only contain conflict-free minerals.

Suppliers must identify and inform Axis about all smelters in the value chain that supply gold, tantalum, tin and tungsten. This includes handling any irregularities in the event that a smelter does not meet the demands imposed by Axis.

Axis expects its suppliers to comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, when applicable, and to have policies and due diligence measures in place that will enable Axis to reasonably assure that the products and components supplied to the company are conflict-free and do not originate from sourcing activities which may finance conflict or lead to human rights abuses. Suppliers are expected to report their status to Axis regarding conflict minerals using the Conflict-Free Sourcing Initiative (CFSI) Conflict Minerals Reporting Template.

More than 80 percent of Axis' suppliers have reported the origin of the minerals in their products and components via the reporting template.

Social responsibility



Social responsibility – what it means for Axis

Axis has more than 2,100 employees in over 50 countries. The company's operations, products and solutions have a great impact on many people's lives. Axis aims to offer an attractive and secure workplace, take long-term social responsibility and invest in social initiatives which have a positive impact on its own organization and surroundings.

Axis as a workplace

Committed and well-qualified employees are an important factor behind Axis' long-term and successful growth. Axis takes great care to be an attractive employer and to offer a safe working environment. All employees should have good development opportunities. The company works actively for increased equality and diversity in the organization.

Careful recruitment in all markets is very important for Axis' continued growth and for maintaining its position as a market leader in network video.

During the year, Axis employed 198 people, which was an increase of 10 percent compared to 2014. In the Asia Pacific region, 50 percent of those employed during 2015 were women.

Occupational health and safety

Axis follows national laws and guidelines for the industry in all countries where the company operates and makes sure to impose the same

demands on suppliers and partners (see also the article Long-term responsibility – supply chain in focus).

To further improve the working environment, Axis implemented a number of measures during the year, including:

- > drawing up a new rehabilitation process for Sweden aimed at getting persons who are ill back to work faster.
- > implementation of initiatives to work preventively with health issues and enhance safety at the workplace in many countries: work environment training in Eastern Europe, safety inspections in Singapore, first aid training in Southern Europe, introduction of occupational healthcare for all employees in Northern Europe and health checks and training in preventive healthcare and fire fighting for all employees in South America.

Goals and target fulfilment

Occupational health and safety

- > Managers and employees should have a good insight into how Axis handles working environment issues; that the company conducts training and safety inspections, develops action plans when required, and also arranges lectures to prevent ill health. The information initiatives during the year were significant.
- > Axis should maintain the same level of absence due to illness as the previous year, 2.2 percent. The level of absence due to illness was 2.43 percent in 2015 (Sweden).

Equal opportunities and non-discrimination

- > Axis shall raise the profile of women in technological areas in the company. The Axis women's network has promoted exchange of knowledge and women's careers.
- > Axis shall support initiatives aimed at raising the profile of women externally in the technology field, such as Flickor på Teknis; Axis has helped with financing and personnel for information and training purposes.
- > Diversity shall continue to improve internally. A person has been appointed to work specifically with diversity issues. There were no reported incidents of discrimination in 2015.

Dialogue, training and working environment council

Axis has several important tools for ensuring that the company has a pleasant and safe workplace:

- > All employees have annual performance development reviews. These allow employees to give their view of Axis as a workplace. Action plans are created in connection with the development discussions.
- > Information about workplace accidents is compiled annually in each country.
- > HR managers globally ensure that all regions follow the correct working hours and that employees never receive less than the minimum salary.
- > In Sweden, systematic working environment efforts are ongoing, including annual safety inspections and safety committee meetings.
- > Managers in Sweden participate in work environment training.
- > There are two workplace health and safety teams in Sweden, whose purpose is to pursue systematic working efforts in the health and safety field at the workplace.
- > All employees, managers and Board members follow policies such as: a Global Working Environment policy and a Global Travel Security policy where Axis has entered into partnership with International SOS and Control Risks.
- > Axis has a Travel Security Portal with information about destinations and health and safety risks as well as a number that employees can call for 24/7 advice and assistance.

Equal opportunities and non-discrimination

Axis shall be a workplace which does not allow any form of discrimination or harassment based on gender, sexual orientation, race, color, religious beliefs, national origin, ancestry, age, civil status, disability or anything else that is protected by law in the countries where Axis operates. It should be just as easy for women as for men to have a career, regardless of background.

During the year, a number of initiatives were implemented in order to promote greater equality and diversity:

- > A salary survey was conducted in Sweden to identify if any salary differences exist between men and women. The survey showed that no significant differences exist between the salaries of men and women.
- > A person has been appointed to work specifically with diversity issues.
- > Axis has been involved in Commitment Skåne, which means that the company, among other things, will offer trainee positions, mentorship and other initiatives to refugees who have obtained a residence permit. This commitment is a way to help integrate refugees into society.

Axis has a network, Axis Q Network, for female employees in Sweden. 72 percent of female employees in Sweden participate. The aim is to meet, network, inspire, exchange experience and ideas with women outside their own department and to facilitate career development.

Surveys, analysis and policies

Axis continuously conducts employee surveys. The employee surveys aim to obtain an insight into and knowledge of the employees' view of the company as a workplace. Axis has participated in A Great Place To Work surveys (AGPTW) in Sweden, USA and Germany. Through A Great Place To Work, Axis obtains company-specific results and it can compare itself to other companies that have carried out such a study.

Axis has conducted a gender analysis study within the AGPTW framework. The company has identified some differences between the views of men and women regarding organization and leadership. When required, Axis has created an action plan to work further on these issues.

Axis has a number of policies, which all employees, managers and Board members follow. These include a Harassment and Equality policy and a Code of Conduct. The policies clearly state what the responsibility of each person is. Just like other policies relating to Axis as a workplace, these policies should be applied to all activities connected to Axis.

Career, collaborations and recruitment

In order to attract and retain the most committed and skilled employees, Axis offers good career opportunities and competitive salaries. Axis operates a bonus program that is directed towards all people in the company. All employees have an annual salary review and 97 percent of the employees have had a performance development review.

In order to ensure continued good recruitment for future growth, Axis collaborates with schools, colleges and universities. Axis offers trainee positions for theses and sponsors projects such as Flickor på Teknis to get more women to apply for technical training courses and TransferTeknik, where Axis provides instruction at schools in order to inspire students and explain how it is to work as an engineer and about technology. Axis also contributes to research projects at Lund University.

Axis corporate culture is built on the company's core values:

**ACT AS ONE
ALWAYS OPEN
THINK BIG**

Freedom of association and collective bargaining

All employees in Sweden and 75 percent of Axis' employees in total are covered by collective agreements. All employees have the right to join trade unions and to negotiate collective agreements, in accordance with local legislation and applicable conventions in each country.

Corporate culture and values

All employees must comply with the Code of Conduct and act according to it and also take responsibility for upholding the company's values.

The unique corporate culture is an important factor behind Axis' successful development and is the basis for continued strong global growth. The corporate culture is characterized by an entrepreneurial spirit, openness and taking responsibility and is of critical importance for maintaining innovative power and dynamics in a rapidly growing organization.

Axis safeguards its strong corporate culture and works systematically on strengthening the culture as part of its efforts to create an attractive workplace for all employees.



Axis' core values 'Always open', 'Act as one' and 'Think big' are important parts of the cultural work. The employees work according to the core values in their day-to-day work, which means: being open and responsive to colleagues' ideas and customer needs, working together to reach the company's established goals, remaining at the cutting edge and creating the best products and solutions for customers. The values are an important part of the introductory training for new employees, at kick-offs and at other events.

All managers have a toolbox for the core values. This includes modules with questions for conducting exercises and having discussions with their teams.

Anti-corruption

Axis has zero-tolerance against corruption. Almost 100 percent of employees have signed an agreement where they undertake not to accept bribes or participate in corruption, in accordance with the anti-corruption policy. All new employees sign the agreement when they are employed at Axis. The anti-corruption agreement was introduced in 2013 and is updated regularly, when all employees sign the agreement again. Anti-corruption training is part of the introductory programme for new employees. All employees have also participated in training aimed at learning about these rules and their application in everyday situations.

Training initiatives

All new employees participate in an introductory program at the headquarters in Lund, to learn about the company's corporate culture, core values and business strategy and to gain an insight into all areas of the operations.

There are a number of different initiatives for inspiration and training for both employees and managers.

Inspirational lectures are held regularly at 'brown-bag lunches' in Lund on various relevant themes.

IP@Axis (International Projects at Axis) is an international exchange program where employees gain the opportunity, during a limited period, to travel and work in another Axis office in the world as part of a project or to learn something specific. The program aims at personal development, career development, sharing competencies, improved networking and strengthening the corporate culture. In 2015, 7 people from different parts of the world participated in the exchange program. Relevant training courses are also offered to the employees in consultation with their respective managers.

In order to strengthen leadership, which is of the utmost importance in building a strong corporate culture, the following programs are offered:

- > Axis Leadership Program, a leadership program for all managers in Sweden.
- > New Managers at Axis, a local management program at Axis in Lund.
- > International Program for New Leaders, a 10-month long training program for new managers in the entire Group.
- > Mentorship Program; both an internal and an external program, where Axis sends both mentees and mentors.
- > During 2015, a manager's handbook was developed for managers in Sweden.
- > All key account managers and regional sales managers participate in the training program Axis Win Win Academy (see page 42).



Axis Win Win Academy

Axis Win Win Academy is a global development program for Axis Key Account Managers and Regional Sales Managers. The aim is to ensure that Axis has a well-trained, motivated and professional salesforce that can drive sales in line with the company's long-term strategy and culture.

The idea of the program is also to create a meeting platform for employees working with sales in the field, to make it easy to exchange knowledge, share best practice and build competencies.

The training focuses on how to create win-win situations with Axis' partners and customers and how to best be successful together. Hence the name Axis Win Win Academy.

Over a three-day period, participants meet at the headquarters in Lund. They receive training in the company's business and sales fundamentals, the added values that Axis offers and how to communicate these to partners and customers.



"It was very nice to go to the headquarters, get to know other people in the organization, and to discuss how to successfully drive sales. Now I can see even more potential for collaboration with partners and customers, which I can derive great benefit from at partner events, for example.

It was also valuable to discuss how Axis creates value behind the cost estimates and fact sheets – the value we deliver is so much greater than just the cameras."

Vanessa Tyne
Key Account Manager
South Africa

"The development program is an excellent forum for knowledge transfer and there is a good mix of new employees and of participants who have worked at Axis for a longer period.

Axis has a unique corporate culture and I gained a deeper understanding of how important the culture is in the way we do business. We always have to listen to and learn from each other – that includes colleagues, customers and partners."

Thongchai Watanasoponwong
Country Manager
Thailand and Indochina Region



Axis in figures:

Number of employees: 2,139 (1,941)

Men/Women ratio: 73/27 (73/27)

Average age: 39 (38)

Employee turnover: 7.3% (6.8)

Workplace accidents: 7 (9) of which none were fatal accidents

Employees with university degree: 80% (81)

Management team: 2 women, 7 men (2 women, 7 men)

Average age Management team: 49 (48)

Composition of Board of Directors:

1 woman 7 men (1 woman, 7 men)

of whom, employee representatives:

1 woman, 2 men (2 men)

Average age Board of Directors: 51 (50)



Axis in society – social engagements

Axis' social responsibility includes charitable work and sponsorship where the company contributes to the local community by supporting various training initiatives, environmental projects and other efforts.

Charitable involvement and sponsorship are usually initiated and conducted at a local level. Apart from contributing to the local communities, the projects are beneficial for Axis and for the employees since it gives them the chance to work together for an important cause. This creates pride and loyalty and is enriching for the employees. Some initiatives carried out during the year are described below.

USA

Axis worked in two locations in Philippi, West Virginia, to fulfil the non-profit-organizations World Vision and Mission 500's objective of providing a more secure world for children. Mission 500's group consisted of industry volunteers and two Axis representatives. Axis' personnel packed food bags and also helped to renovate homes for families in need. In addition, Axis sponsored the Security 5K charity run in Las Vegas and 100 employees participated in the event.



South Africa

Axis has initiated collaboration with the non-profit organization Pit-Track in order to protect rhinos that are threatened by extinction in a nature reserve in South Africa. The rhinos are killed by poachers for their horns. It is a challenge to detect poachers in the area. Axis has donated three thermal imaging cameras to Pit-Track. The cameras are adapted for outdoor surveillance and can handle difficult conditions including total darkness. The thermal cameras make it possible for Pit-Track to monitor the nature reserve and protect the lives of the rhinos.



Czech Republic

In the Czech Republic, Axis' employees spent a day helping to clean up the Prokopské údolí nature reserve in Prague: they cut the grass, cleared leaves and branches, picked up rubbish etc.



Axis also has an "equal opportunities agreement" with recruitment agencies aimed at promoting equality and diversity in recruitments.

Sweden

A number of sports clubs are sponsored in various sports and sporting events such as Lundaloppet as well as cultural events for example Thomanders Jul and Lund Comedy Festival. In addition, Axis sponsors the Stiftelsen Lund Nyföretagarcentrum, which provides advice for starting businesses, and the publication of Natur & Miljöboken teaching materials for pupils in grades 4-6 aimed at communicating knowledge about the environment and sustainability.



Training initiatives include Flickor på Teknis to encourage girls to apply for technology training programs, TransferTeknik, that aims to provide inspiration for technology training and FooKids, that teaches programming to children.



Australia, New Zealand and Pacific Islands

Axis provided donations to Make-A-Wish Foundation that fulfils the wishes of children with life-threatening illnesses. By getting their wishes fulfilled, the children gain hope and strength to meet the challenges of their illness as well as great happiness. Together with key partners and Make-A-Wish Foundation, Axis also collected additional funds at a partner event.



Another initiative relates to Weeden Heights Primary School, Vermont South, Victoria, Australia, which was affected by theft. Axis donated cameras and video management software to prevent theft and increase security and safety both for school children and personnel.

India

In India, Axis donated money and educational materials such as pencils, erasers, activity books etc. to the Vidyaranya Institution, which takes care of disadvantaged girls. Under Axis' direction, employees also arranged activities such as a drawing competition for children.



Singapore

In Singapore, Axis' employees collected and donated clothes, comics and toys for the Salvation Army to help the needy.

Axis employees participated in the Yellow Ribbon Prison Run to raise funds for the Yellow Ribbon Project, which is spearheaded by the local community for the rehabilitation of ex-offenders. This project brings together a group of major community and government organizations responsible for the rehabilitation of ex-offenders. The overall objectives of the project are to raise awareness of the need to give a second chance to ex-offenders and their families, promote acceptance of ex-offenders and their families in the community and to inspire community action to support the rehabilitation and integration of ex-offenders back into society. Axis is a sponsor and contributes towards the co-ordination of member agencies' activities and the development of rehabilitation initiatives for ex-offenders.



About this report

This report follows Global Reporting Initiative's guidelines for sustainability reporting, G4. We report in accordance with the Core option. This report also serves as our Communication on Progress Report to the UN Global Compact. Axis has reported its sustainability work since 2010. This is the second time that Axis reports in accordance with GRI, G4, Core. This sustainability report covers the fiscal year 2015. We publish our sustainability report annually.

GRI Content Index

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G4-5	Location of organization's headquarters.	5	G4-24	List of stakeholder groups engaged by the organization.	14-15
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G4-12	The organization's supply chain.	18-19, 35-36	G4-30	Reporting cycle (annual, biennial, etc.)	46
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G4-14	Report whether and how the precautionary approach or principle is addressed by the organization. <i>Comment: The precautionary principle is part of the Swedish Environmental Legislation. For Axis the principle is mainly addressed when selecting product materials.</i>	46	G4-32	'In accordance' option the organization has chosen, GRI Content Index for the chosen option and reference to the External Assurance Report, if the report has been externally assured.	46-47
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	8, 24-25	G4-33	Organization's policy and current practice with regard to seeking external assurance for the report, scope and basis of any external assurance provided, relationship between the organization and the assurance providers and the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report. <i>Comment: Axis has not sought external assurance for the report. The report has been prepared with guidance from external consultants with GRI-expertise.</i>	46
G4-16	Memberships of associations and national or international advocacy organizations.	2	GOVERNANCE		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
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G4-18	Process for defining the report content, the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content.	15-16	ETHICS AND INTEGRITY		
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SPECIFIC STANDARD DISCLOSURES

Indicator	Description	Page
ENVIRONMENTAL		
Aspect: Energy (DMA)		32
EN7	Reductions in energy requirements of products and services. <i>Comment: No indicator data available for 2015.</i>	
Aspect: Emissions (DMA)		29, 32-34
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EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	29, 32-33
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	29, 32-34
EN18	Greenhouse gas (GHG) emissions intensity.	29, 32-33
EN19	Reduction of greenhouse gas (GHG) emissions.	29, 32-34
Aspect: Products and services (DMA)		30-32
EN27	Extent of impact mitigation of environmental impacts of products and services. <i>Comment: No indicator data available for 2015.</i>	
Aspect: Supplier environmental assessment (DMA)		35-36
EN32	Percentage of new suppliers that were screened using environmental criteria.	35
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	35-36
SOCIAL		
Aspect: Occupational health and safety (DMA)		39-40, 43
LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region and by gender. <i>Comment: Injury and absenteeism data were not found to be relevant to break down further.</i>	39, 43
Aspect: Diversity and equal opportunity (DMA)		39-40, 43
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. <i>Comment: Only gender and average age have been found relevant for breakdown of data.</i>	43
Aspect: Supplier assessment for labor practices (DMA)		35-37
LA14	Percentage of new suppliers that were screened using labor practices criteria	35
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	35-37
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Aspect: Supplier human rights assessment (DMA)		35-37
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SO4	Communication and training on anti-corruption policies and procedures.	25, 41
SO5	Confirmed incidents of corruption and actions taken.	23
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DMA=Disclosure on Management Approach

The report and the reported indicators therein have not been subject to external auditing.

Global Compact reference table

Principle	Description	Page
HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	8, 24
Principle 2	make sure that they are not complicit in human rights abuses.	35-37
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Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	35-36, 41
Principle 4	the elimination of all forms of forced and compulsory labor;	35-37
Principle 5	the effective abolition of child labor; and	35-37
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Principle 7	Businesses should support a precautionary approach to environmental challenges;	28-36
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Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	23, 25, 35-36, 41

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About Axis Communications

Axis offers intelligent security solutions that enable a smarter, safer world. As the market leader in network video, Axis is driving the industry by continually launching innovative network products based on an open platform – delivering high value to customers through a global partner network. Axis has long-term relationships with partners and provides them with knowledge and ground-breaking network products in existing and new markets.

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