We want to contribute to a smarter, safer world, create value for our stakeholders, and at the same time, be a role model that inspires positive changes in society.

Ray Mauritsson, President and CEO Axis Communications
The year in brief

> We adopted a new group anti-corruption policy and all Axis representatives (employees, contingent workers and consultants, as well as management and board members) were required to go through anti-corruption training.

> We carried out a human rights impact assessment and initiated a human rights due diligence project that will continue in 2022.

> Axis was approved as a Common Vulnerability and Exposures (CVE) Numbering Authority (CNA) for Axis products.

> We prepared and submitted an application for extended ISO27001 certification, with audit and approval in December.

> Our operations in the USA were ranked as #1 according to Great Place to Work Fortune Best Workplaces in Manufacturing & Production (Small and Medium).

> Japan, Singapore and Australia were added to the list of countries where Axis is a Great Place to Work certified, and the process to formalize certifications for South Korea, India, China, Hong Kong and Taiwan was initiated.

> We launched our first camera containing bio-plastics.

> We increased the number of BFR/CFR free products.

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This is Axis

As the industry leader in network video, Axis offers products and services for video surveillance and analytics, access control, intercom, and audio systems. Axis has approximately 4,000 employees in over 50 countries and collaborates with partners worldwide to deliver customer solutions. Axis was founded in 1984 and has its headquarters in Lund, Sweden.

Axis is an established innovator in the world of video surveillance, and we are proud of the difference we are making in the industry. We are a team pushing the limits of what’s possible in network video, data-driven business, and smart city services optimization. At the same time, we are working hard to develop and lead this industry’s standard for social, ethical, and environmental responsibility.

Reaching our goals relies on the power of co-innovation and mutually successful partnerships. This cooperative approach leads to the breakthrough technologies already making people’s businesses, cities, and lives better everywhere. It also unites suppliers, partners, customers, and Axis in working together for a smarter, safer world.
Our business model

Axis applies an indirect, go-to-market business model based on long-term close collaboration with partners, a global market presence with strong local ties, and continual development of innovative products and solutions.

Axis products and solutions are sold through distributors. They sell to partners (resellers and system integrators), who in turn sell to end customers. Our strategy is built on global presence, sales via partners who are experts in their local markets, and expansion of our offering of products and solutions to new areas.

Axis currently has offices in more than 50 countries and partners in 179 countries. We expand through a greater presence in existing markets, organic growth, stronger ties with existing partners, and by establishing new partnerships. Our business is divided into three geographical areas: Americas, EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific). In terms of sales, Americas is our largest market, followed by EMEA and APAC.
Responsibility along the value chain

We strive to ensure that our products, solutions, and own operations have a positive economic, environmental, and social impact, while simultaneously minimizing negative impacts and managing risks along the entire value chain.

The direct responsibility for manufacturing, sales, distribution, and installation of our products and solutions primarily lies with suppliers, distributors, and partners. We work closely with our partners and the relationships are long-term, based on openness, loyalty, trust, and continual dialogue. We also have close ties with our suppliers and impose requirements, such as the Axis supplier code of conduct, which we follow up through audits, on them.

We encourage and train distributors and partners to promote change, and create value, knowledge-sharing, and continual dialogue with all stakeholders, to help us ensure that all manufacturing, distribution, installation, management, and use of our product and solutions are sustainable and responsible.

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Positive contributions to local communities
Continued and sustainable growth, despite a challenging year

Looking back on 2021, the second year of the COVID-19 pandemic, I am proud to say that we have continued to show both resilience and stability, and an ability to adapt through trying times. This paved the way for continued and profitable growth, at the same time as we continued to make progress in the field of sustainability. The contribution of my almost 4,000 colleagues that made all this possible was truly extraordinary.

After a strong first half of the year, with projections on track, the global component shortage started to significantly impact the market, resulting in longer lead times for production and delivery. Despite challenges to meet our customers’ demand, we have – thanks to strong customer focus and big efforts from our colleagues – managed to put Axis in a good position going into 2022, when we expect a gradual return to a more normal supply situation.

We want to contribute to a smarter, safer world, create value for our stakeholders, and at the same time, be a role model that inspires positive changes in society. Axis became a signatory of the UN Global Compact in 2007 and I firmly stand behind our commitment to these ten fundamental principles. We also support the UN Sustainable Development Goals. We know that caring for people and the environment, and running our business in an ethical manner is the right thing to do – and that it also makes good business sense.

One way Axis contributes to society is through technological innovation. At the same time, we are aware of the ethical challenges that can occur in the interface between technology and people. Thus, human rights and everyone’s right to privacy are two topics that have been much discussed this year. To be trustworthy, the solutions we offer must be both secure and used responsibly, and Axis prioritizes both the cybersecurity and responsible application of technology use. We want to influence increasingly robust industry standards and work closely with our stakeholders to this end. By identifying and leveraging both market and regulatory incentives, we support an ethical approach to technological innovation. We also support a global consensus on stakeholder responsibilities to improve trustworthiness of digital technologies.

During 2021, we performed an assessment of the potential human rights impacts in our products and solutions capabilities, and their application was performed. This assessment included our end users and destination countries, as well as our business model and governance. The findings have spurred internal discussions that will continue during 2022. Axis supports the development of clear regulations in this area, and I look forward to improving our performance here.

In challenging times like these, being a reliable and credible business partner is more essential than ever. We strive to act responsibly along our entire value chain. Openness, transparency, and reliability are necessary. Trust and ethics are increasingly important factors when customers make their decisions, and also for Axis to attract and retain the right people.

Awareness of climate change and the need to counteract it is rising. We are striving to minimize the environmental impact of our own operations, as well as from the activities of our suppliers, and from the products and solutions themselves. As this report shows, we keep improving. I am proud of what we have achieved so far, but there is always more to do. Our commitment to responsibility and sustainability remains strong, and we aim to make it an even more integral part of our operations along the entire value chain. Our work continues.

Ray Mauritsson, President and CEO, Axis Communications
The world around us

Digital technologies and the sustainability agenda are changing and developing faster than ever. We follow developments closely as part of our sustainability trend spotting, and ensure that our sustainability work continues to be at the forefront.

Here are some of the trends that we considered particularly important in 2021.
Increased focus on climate action
With extreme weather events becoming more frequent and the latest IPCC report stressing the seriousness and urgency of climate change, states, investors, companies, and society at large have a significantly increased interest in and focus on climate action. Hence, companies need to play their part in ensuring solid data on CO2 emissions in the value chain, taking solid action to reduce emissions, and providing transparent reporting.

The European Green Deal
The European Green Deal aims to transform the EU into a modern, resource-efficient and competitive economy. The stated targets are: no net emissions of greenhouse gases by 2050, economic growth decoupled from resource use, and no person and no place left behind.

It will be the driver of significant legislation related to sustainability for both companies and financial institutions, and will further drive actions, data, and reporting on sustainability.

EU Taxonomy
The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. It will play a key role, helping the EU scale up sustainable investment and implement the European green deal. The EU taxonomy provides companies, investors, and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable across six different parameters, including climate, biodiversity, circular economy, pollution, and water. In this way, it should create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation, and help shift investments where they are most needed, while at the same time, pushing companies to maintain better sustainability data and transparent reporting.

The importance of human rights
The implementation of the EU taxonomy and the expected EU directive on corporate due diligence and corporate accountability are key drivers for an increased focus on human rights and business. Also, key stakeholders, such as NGOs and financial institutions, are increasingly requiring companies to live up to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. This calls for a systematic and structured approach on how companies are working with human rights.

Cybersecurity and trust in technology
Many ethical challenges can occur in the interface between technology and people, and trust remains an important topic for the entire security industry. Trust in the use of data, trust that systems are secure, trust in the videos and pictures that are captured, and the fundamental need to trust that an organization is doing the right thing. Matching the ongoing pace of technology innovation with an equivalent evolution in building trust in the use of technology is vital. Ensuring that new technologies are being developed, manufactured, used, and secured in ways that can be trusted to be positive is becoming more and more important.

The challenges in cybersecurity keep growing in both complexity and scope, and meeting them is of critical importance. The advancements in digital technology are challenging both the traditional concept of privacy (our right to be left alone) and the expectation that the content of our communications is confidential. Consumers are not just concerned about data protection; they want greater control of access to their personal data and how it is ultimately used by businesses. Regulators are also paying close attention and continue to enact stringent laws aimed at improper data gathering and sharing practices.
Customers demand sustainable solutions

Axis wants to be a driving force in the industry when it comes to technological innovations and sustainability standards. As a leading market player, we act from a position of strength, and we work hard to make a positive impact and offer tangible contributions to a smarter, safer world.

Naturally, different customers have different needs. We are an industry leader with a strong focus on outstanding cybersecurity, versatility and multipurpose solutions, green design, and energy effectiveness. These factors, combined with our strong stand on ethics, privacy, and protecting human rights during use, make us a trustworthy and attractive long-term partner for partners/resellers and customers alike.

Here are a few examples of how our products and solutions can support some of our customer needs.

Cities
Today, half of the world’s population live in cities, and the numbers are rising. To manage this growth, city authorities need to work smarter, and find ways to safeguard citizen safety and quality of life, while using their resources more effectively. Our innovative camera and audio technology help cities meet their daily challenges, and at the same time, their sustainability ambitions; for instance, by improving efficiency in crime investigations to secure public safety, by optimizing traffic flows for lower emissions or by analyzing environmental impact for better health and well-being.

Retail
People’s values are increasingly becoming infused in their shopping habits, and the demands on retailers to be responsible, resilient, and show respect for the environment in all their choices are ever growing. Sustainability is what consumers, employees and investors have come to expect from all retail businesses. We help retailers improve their loss prevention, safety and security, with high quality, innovative and leading-edge technical solutions, while upholding ethical standards, securing the highest level of privacy for customers and employees, and meeting their sustainability goals at the same time.

Critical infrastructure
Maintaining our modern way of living without disruption is dependent on continuous deliveries of reliable power, clean water, and connected telecommunications. Such critical deliveries need to be secured by a sustainable supplier that is both stable and dependable over time. Our broad portfolio of network cameras and devices supports these operators when it comes to physical- and cybersecurity of their plants, as well as in helping to monitor processes for maximum productivity, and reduce risks of leaks and unwanted emissions. Finally, in the important and continuous work of improving safety protocols, procedures, and compliance, our solutions support proactive monitoring of the health and safety of the workforce.
Sustainability and responsibility are central to our operations. So is financial stability and long-term profitability. We know we have to do well to do good, and firmly believe that this approach boosts our business performance as well.

Health care
Axis video monitoring solutions enable new ways to assess and monitor more patients with fewer resources. We offer technology that supports ethical and transparent visual monitoring with security features to preserve patient privacy, and our products feature the highest level of cybersecurity to meet HIPAA patient data protection standards. Our commitment to minimizing the environmental footprint of our products also helps healthcare facilities meet their sustainable procurement goals.

Data centers
The pressure on data centers to become more sustainable is increasing rapidly. Most customers expect their data center suppliers to operate efficiently, uphold the highest levels of both physical and data security, and diligently seek new ways to reduce overall environmental impact at the same time.

Axis helps protect data centers from both physical and virtual threats from beyond the perimeter all the way to individual server racks. Cutting-edge technology increases automation, reduces the need for manned patrols, and delivers greater security with fewer resources. Our focus on carefully chosen materials, less hazardous substances, and increased circularity show we are serious about responsibility through the whole chain of production.
Materiality and risks

Materiality assessment

Our materiality assessment is central to defining our reporting content and the issues we focus on. In developing the assessment, we draw on a number of different inputs as part of our horizon scanning and trend analysis to understand potential sustainability issues, and then engage with our key stakeholders – employees, distributors and partners, customers, suppliers, owners, and society – to determine issues of importance for them. Our stakeholder dialogue is ongoing in the form of, for example, employee surveys, workshops, trade shows, social media, training, and audits. We also obtain valuable inputs through our membership of multiple organizations, including Säkerhetsbranschen (the Security Association of Sweden), the Security Industry Association (SIA) in the USA, ASIS International, the Security Institute in the UK, and others.

Stakeholder input is discussed and assessed, together with our impact on the different sustainability issues and the overall importance for Axis, by the Sustainability Project Group, and presented to group management and the audit committee. The materiality analysis is validated each year and conducted in accordance with the GRI standards core requirements.

This year’s assessment is based on the materiality assessment from 2020. A full stakeholder dialogue was not performed in 2021, but we have instead focused on updating the materiality assessment with input from potential employees and financial partners, which was validated by key internal stakeholders. This year’s findings highlighted the importance of climate change and human rights in particular.

Material sustainability topics for Axis and correlating GRI standards

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<th>Axis material topic</th>
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Risk management

As an international group with operations, sales, and business partners all over the world, we are exposed to many different risks from business, sustainability, and responsibility perspectives. Our risk management aims to increase corporate resilience, improve strategic decision making, and minimize negative impacts.

We continuously work on our risk management. During 2021, risk assessments were performed throughout the entire organization and more targeted risk assessments have been requested by risk owners.

Risk management framework

Our risk management framework is based on the corporate strategy. The purpose is to identify, evaluate, and prioritize risks related to us reaching our overarching goals. Both a top-down and a bottom-up approach are employed.

The Axis group’s Corporate Governance department compiles, evaluates, and follows up the risks, in consultation with other departments and functions. Annual follow-up and risk updates are performed by group management, and decisions regarding measures and actions are made. Annual reports are made to the board of directors and our owner Canon.

Risks

Risks are identified based on our overriding strategy. This process incorporates both a business and a sustainability perspective. The work on identifying, evaluating, handling, and following up the risk exposure that the Group is subject to is continuous and performed at a group level.

Management and coordination of financial and insurable risks is mainly carried out by the Axis group’s finance department. Company-wide function specific departments, such as IT, HR, Legal, and Operations, are handled and coordinated within each function.

We acknowledge that our risk management process needs to be updated and expanded to more clearly address sustainability risks and to consider not only the risk to Axis and our business, but also risks to people and the environment, as a key part of our due diligence work going forward.

Sustainability risks are managed by the Environmental Council, Social Council, and Business Ethics Council. In future, our business operations would benefit from having a more coordinated approach to clearly address sustainability risks.
Innovating for a smarter, safer world

Our sustainable approach

Acting sustainably means creating long-term stakeholder value through the implementation of a business strategy that focuses on people, planet, and prosperity.

At Axis, we know that sound business practices are crucial for the future of a company, and that caring for people and the environment makes good business sense. We act responsibly and have a sustainable approach across the entire value chain.

Axis is in it for the long run. Our business model is based on close and resilient partnerships. We set high ethical standards and handle all relationships transparently and with care. We also strive to contribute to the many local communities where we are present.

We are a leader in our industry and have a long-term approach to everything we do. We want to contribute to a smarter, safer world and be a role model that inspires positive changes in society. We strive to influence and raise industry standards, and work closely with decision-makers and stakeholders to this end.
UN Global Compact and the sustainable development goals

Axis signed the UN Global Compact 2007, and our strategies and operations are aligned with these universal principles on human rights, labor, environment, and anti-corruption. We also support the 17 Global Sustainable Development Goals (SDGs) of the UN 2030 Agenda, which act as a blueprint for peace and prosperity for people and the planet.
Our sustainable approach is based on four cornerstones:

- **Respect people**
- **Innovate responsibly**
- **Be trustworthy**
- **Protect our planet**
Human rights
We respect internationally recognized human rights. This commitment is reflected in the Axis group policy - code of conduct, which is signed by the Axis group management team. Our approach is guided by the UN Global Compact. However, we do acknowledge that there are gaps compared to the global standards for responsible business conduct, such as the UN Guiding Principles for Business and Human Rights, and OECD Guidelines for Multinational Enterprises. To remedy this, we initiated a human rights due diligence project in 2021, which will continue in 2022. Part of this project was a comprehensive assessment of our current status in this area.

Our human rights commitment is embedded into the organization through a number of policies and processes. Some of these are not defined as human right specific areas, but they are still relevant for our management of salient human rights issues.

Occupational health and safety risks and impacts are managed through our Human Resources department and its related policies. We also have a carefully designed, comprehensive security strategy aimed at minimizing critical vulnerabilities of software, hardware, and information, and GDPR management requirements have been implemented.

The Human Resources department is the owner of the Axis group code of conduct and is responsible for its implementation. This document is openly available on our website.

Our commitment to respect human rights is embedded into the supply chain management through the supplier code of conduct, which is based on the Axis Group Code of Conduct, the UN Global Compact, and the Responsible Business Alliance Code of Conduct. The supplier code of conduct is shared with all new suppliers, and they are required to sign it. Our ambition is to integrate human rights into dialogue with, and training of, suppliers and business partners, but the effects of the actual implementation during 2021 have been difficult to measure.

Although human rights risk management is potentially covered by our general risk management framework, we have identified a gap in that these risks are not systematically included in the annual risk assessment and risk management process, including follow-up and reporting.

Sustainability efforts, including human rights, are coordinated by the Business Ethics Council, the Environmental Council, and the Social Council, together with the Sustainability Project Group. The Business Ethics Council plays an important part in suggesting new human rights initiatives to group management.
Remediation and access to a grievance mechanism

Axis has a whistleblower mechanism that can potentially be used to report human rights concerns. This mechanism is dedicated for internal use and we currently have no other systems in place to enable the remediation of adverse human rights impact, except cases related to Axis own staff. No human rights related issues were reported in 2021.

Human rights topics in 2021

We have a responsibility to avoid causing or contributing to adverse human rights impacts through our own activities, and to address such impacts if they occur. We should also seek to prevent or mitigate adverse human rights impacts that are directly linked to our operations, products or services by our business relationships, even if we have not contributed to those impacts.

The ongoing human rights due diligence project has highlighted that we do not yet have a sufficiently structured process aligned with international standards for identifying actual and potential impacts on human rights across our activities and business relationships. In a previously conducted materiality assessment with input from key stakeholders, we did identify a variety of material human rights related topics, such as occupational health and safety, and diversity and inclusion. This assessment also addressed general human rights risks where adverse human rights impacts are most likely to be present and significant. These include personal privacy in relation to our products and in relation to the supply chain, including conflict minerals.

Topics such as health and safety, diversity and inclusion, conflict minerals, and human rights/privacy during usage are described separately in this report.

Human rights risks related to our products

Our aim is that none of our products or solutions should violate human rights or personal privacy, and we strive to ensure that our products and solutions are always used in an ethical way. Our export compliance program ensures that we comply with all applicable rules on special export restrictions, sanctions, and embargoes.

We develop and manufacture a variety of products and solutions that support the protection of people and property, as well as process optimization, business efficiency, and information access. Our products may be deployed with third-party software integrations, like facial recognition, or used for data analytics, such as population counting and demographic information analysis. Their uses include surveillance of people, objects, and environmental conditions.

The end use impacts of our products and solutions are vast, varied, and influenced by the interaction of many known and unknown variables. It is important that we understand potential human impacts and our relationship with them, as well as our leverage to address such impacts.

In 2021, we conducted an initial assessment, with support from external experts, to identify our salient human rights issues across industries, products, and geographies, as well as potential actions to address them. This assessment identified potential impacts in our products and solutions’ capabilities and applications, its end users, and destination countries, as well as our business governance (including business model). Recommendations included: make a public commitment to implement the UN Guiding Principles on Business and Human Rights, establish a human rights due diligence program, and develop a human rights risk matrix for each product. The findings of the assessment have been discussed in the Business Ethics Council, and measures are being considered.
GOALS AND TARGET FULFILLMENT

Anti-corruption
Axis has zero tolerance for all types of bribery and other forms of corruption. All employees, including group management, are required to acknowledge that they comply with Axis anti-corruption policy. They must also every other year participate in training on such matters.

During the year, all new employees participated in, and confirmed completion of, training, acknowledging their pledge to comply with the policy.

A majority of the company’s other employees participated in anti-corruption training during 2021 and in the beginning of 2022, acknowledging their pledge that they comply with the anti-corruption policy.

No incidents of bribery or other forms of corruption were identified during the year.

Human rights risks in the supply chain
We have a global supply base with 297 suppliers of primarily mechanical, electromechanical and critical electronic components. Standard electronic components are sourced from approximately 900 very large suppliers. These will generally not be audited, since Axis has little purchasing power to affect these companies.

Suppliers are selected based on: quality, price, ethics and counteracting corruption, environmental impact, and flexibility. They must also provide a decent work environment and acceptable terms of employment. Respect for human rights is also an important selection criterion. We have a risk-based process for both onboarding and managing suppliers, but we do not yet have a fully documented and updated picture of the human rights risks in our supply chain. This will be explored in 2022.

Before the decision to onboard a new supplier, they will be screened for quality and environmental impact, as well as against criteria including human rights and labor rights. The screening can be an on- or offsite audit. In the case of onsite audits, the audit team collects the relevant documentation and asks relevant questions. In 2021, we audited all new suppliers – mostly offsite, due to the COVID-19 situation.

The onboarding of suppliers starts with signing the supplier code of conduct [or submission of their own code of conduct if it is aligned with ours]. The supplier is also required to complete a self-evaluation questionnaire that contains, among other things, information about working conditions, such as working hours, employee health and safety, and compulsory/forced labor. The questionnaire is then reviewed by us.

Existing suppliers are audited at least every three years, or when required. There are no guidelines for when to audit an existing supplier, but the most critical or critical suppliers are more likely to be audited, especially if the production is carried out in a high-risk geography. Very large suppliers will generally not be audited. If a company is found to be non-compliant with the Axis supplier code of conduct, including human rights related issues, a corrective action plan is formulated, and its implementation audited. In 2021, the human rights related focus of the audits was the Responsible Business Alliance’s requirements on working hours, working time, and overtime. Audited suppliers where violations were detected have been required to present a corrective action plan.

In 2021, we also assessed our more than 200 suppliers of components to ascertain that they were not included in international lists of banned suppliers. We further requested the suppliers to list their sub-suppliers and the character of the product they are delivering to our products, to identify if any of these were banned or associated with high-risk regions. At the end of the year, we had received feedback from half of our suppliers regarding their sub-suppliers.

We have not carried out any systematic human rights risk management training or awareness raising for our own staff or our suppliers in 2021. The supply chain management system and processes will be reviewed in 2022 to improve the management of responsible business conduct risks and align it further with international standards.
Anti-corruption

Axis takes a strong stance against all forms of corruption. We understand that running a global business also means that we are exposed to corruption-related risks, since we operate in countries with higher levels of corruption, in the public sector and through a network of partners. We are continuously developing our framework for the identification and management of anti-corruption risks. This process is led by Corporate Governance. Risk assessments are conducted on a regular basis. All identified risks are assigned a risk owner and annual follow-up meetings ensure that appropriate actions are taken.

During 2021, we enhanced our anti-corruption compliance program. This ensures compliance with all relevant anti-corruption and bribery legislation, including, but not limited to, the Swedish Criminal Code (sv: Brottsbalken), the US Foreign Corrupt Practices Act (the FCPA), and UK Bribery Act 2010. In addition, we adopted a new group anti-corruption policy, and in conjunction with this, it was mandatory for all Axis representatives to complete the new anti-corruption awareness training and sign a commitment letter.

The group anti-corruption policy will be published on axis.com during 2022. Anti-corruption is also a part of the Axis code of conduct and the Axis supplier code of conduct.

Anti-corruption awareness training is a mandatory part of the onboarding program for all new employees. Every other year, all Axis representatives are required to complete the anti-corruption awareness training. Additional workshops or other trainings will be provided for high-risk positions.

We have a specific email address (anticorruption@axis.com), where employees can ask questions about events, gifts and hospitality, etc. During 2021, we received nine questions.

Speak-up program

Axis has a strong speak-up culture built upon our compliance culture, ethical culture and feedback culture. We have a group whistleblower policy and an email address (whistleblower@axis.com), where employees can raise concerns about suspected misconduct. Going forward, we are rebranding whistleblower to the Speak-up program, which will offer a way to make anonymous reports directly to the Speak-up office.
Our suppliers

We have a global supplier base that manufactures and assembles our products. Contract manufacturers are engaged for printed circuit boards and assembly. We also have strategically selected component suppliers for such things as casting of chassis, manufacturing camera lenses, and critical electronic components. All products are configured at the configuration and logistics centers (CLCs).

In 2021, we had 297 suppliers, up from 271 in 2020. Of that number, six are contract manufacturers located in Mexico, Thailand, Japan and Poland (three).

From a sustainability perspective, 139 are critical suppliers and of that number, approximately 90 percent are located in Asia, 9 percent in Europe and 1 percent in Americas. During the year, we started collaborating with 16 new suppliers.

Axis has the ability to impact the working conditions of its suppliers and their environmental impact. As such, Axis also has a responsibility for helping ensure that the products are manufactured in a sustainable and responsible way, and it does not tolerate any form of discrimination, forced labor or child labor. We have identified high risk regions (e.g., China and Malaysia) with increased risk of forced labor and extensive working hours. We will actively keep enforcing our requirements and educating our suppliers.

Suppliers must also have controls in place for their environmental impact, energy and water consumption, emissions, and how both chemicals and waste are managed.

We use supplier audits and active best practice sharing to ensure suppliers understand and live up to the behaviors and business practices we expect. In 2021, 30 supplier audits were performed and no significant breaches were identified. There were no reported incidents of emissions of hazardous substances at Axis suppliers in 2021.

Conflict minerals

Axis uses materials containing tantalum, tin, gold, and tungsten (conflict minerals), as well as other minerals that we determine to be at high risk based on the due diligence guidelines established by the Organization for Economic Co-operation and Development (OECD). We follow recommendations and guidelines from the Responsible Business Alliance and the Global e-Sustainability Initiative regarding taking social responsibility. We do not accept, tolerate or engage in any sourcing activities which may finance conflicts or involve any form of violation of human rights or compulsory labor.

This is clearly stated in our conflict mineral policy and integrated into our Axis supplier code of conduct.
GOALS AND TARGET FULFILLMENT

Suppliers
All (100 percent) new suppliers in 2021 will be audited with respect to criteria on the environment, working conditions, human rights, and anti-corruption (onsite audit).
During the year, all new suppliers were screened in respect of these criteria using self-evaluation forms. Due to COVID-19, however, it was necessary to conduct both onsite and offsite audits. During 2020 and 2019, all new suppliers were screened and audited.
Ensure that all suppliers meet the Responsible Business Alliance’s requirements on working hours.
There has been follow-up on this via on- and offsite audits in 2021.

We have a well-documented process for ensuring that the minerals used by our suppliers and subcontractors are conflict-free. All Axis first- and second-tier suppliers have signed our supplier code of conduct, which obligates them to have a process in place for documenting the supply chain.

Suppliers are required to report where all minerals have been sourced and account for how they ensure that their components and products only contain conflict-free minerals. This involves identifying all of the smelters in the value chain who provide gold, tantalum, tin, and tungsten. In response to the global situation and requests from customers, we also added cobalt to the list of conflict minerals in 2021.

Suppliers must have policies and due diligence practices in place for traceability, follow-up, and control. We perform yearly conflict minerals surveys. In the survey conducted for 2021, more than 75 percent of suppliers reported where the minerals in their products and components have been sourced, using the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI) or a similar tool.

An additional 8 percent responded in the beginning of 2022 (83 percent total). Any supplier that has not answered will be individually evaluated and purchase status for 2022 determined. A cobalt survey was conducted by using the Cobalt Reporting Template (CRT) developed by RMI. We received answers from approximately 60 percent of our suppliers. The cobalt survey follows the same procedure as for the other conflict minerals.

We evaluate the suppliers based on risk to type of purchased components. Monitoring of suppliers also includes those that previously declared that they do not use conflict minerals, since there could be changes over time in how they purchase such materials.

If a significant risk is found in the supply chain, we request our business partners to switch to a supply chain with a lower risk, and we will fulfill our responsible mineral procurement. Axis will appropriately disclose information regarding these efforts to customers and stakeholders. In 2021, two suppliers were identified using high risk smelters; these are required to provide a phase-out, which will be followed up during 2022.
Our people
We have 3,962 employees, 58 percent of which are based at the head office in Lund, Sweden.

Axis is a value-driven company and our core values are: Always open, Act as one and Think big. We have a strong focus on ethics and responsibility, and the expectations on our employees are described in the group-wide code of conduct.

Policies and governance
Policies apply to all employees, managers, and the board of directors. These include the code of conduct, the working environment policy, the alcohol and drugs policy, the policy against harassment, the diversity policy, and the policy for security during trips. There are also local policies in place. Our CEO is ultimately responsible for the work environment, but has delegated the responsibility to managers who carry out the work together with HR. In the USA, action plans for work environment efforts are followed up by the executive management team. In Sweden, the HR function prepares a report each year, together with the safety representatives, that is sent to the CEO.

All Axis employees in Sweden and 63.5 percent of the total number of employees worldwide are covered by collective agreements. All employees can freely join trade unions or choose to refrain from doing so, in accordance with local legislation and what is applicable in each specific country.

During 2021, Axis hired 491 new colleagues, which means we had a net increase of 157 employees. We systematically work to attract, develop, and retain employees. This year, we have seen a trend of increased employee turnover. However, this is a trend for the whole industry and we believe it is largely attributable to the COVID-19 pandemic, with less turnover during 2020 and a wider wish to do and experience something new after a long period when many have been working from home.

### Employees

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees**</td>
<td>3,962</td>
<td>3,805</td>
<td>3,646</td>
</tr>
<tr>
<td>Proportion women/men, %</td>
<td>28/72</td>
<td>28/72</td>
<td>28/72</td>
</tr>
<tr>
<td>Managers’ gender distribution, women/men, %</td>
<td>31/69</td>
<td>30/70</td>
<td>29/71</td>
</tr>
<tr>
<td>Group management</td>
<td>1 woman, 8 men</td>
<td>1 woman, 8 men</td>
<td>1 woman, 8 men</td>
</tr>
<tr>
<td>Board of directors*</td>
<td>3 women, 7 men</td>
<td>3 women, 7 men</td>
<td>3 women, 7 men</td>
</tr>
<tr>
<td>Employee turnover*</td>
<td>11.05</td>
<td>5.7</td>
<td>7.6</td>
</tr>
<tr>
<td>Absence due to illness, in Sweden, %</td>
<td>3.16</td>
<td>2.05</td>
<td>2.9</td>
</tr>
<tr>
<td>Average age</td>
<td>41</td>
<td>41</td>
<td>40</td>
</tr>
</tbody>
</table>

* 2 women and 3 men are employee representatives, including 2 deputies

**Employees = permanent employees and employees for a fixed term of at least six months. Permanent employees are expressed as head counts as of December 31. Substitutes (those filling in for employees who are on parental leave or a leave of absence) are not included. Only temporary employees in Sweden are included in the statistics. Summer workers, hourly-paid employees and substitutes are not included.

Workers (not employed by Axis)
These account for a small proportion of the overall workforce and consist of consultants, primarily within research and development. We have managerial responsibility for consultants working on site at the company and as such, Axis is also responsible for their work environment. Employer responsibility, including insurances and occupational health services, lies with the employment agency that has engaged their services.
**OCCUPATIONAL HEALTH AND MANAGEMENT SYSTEM**

The routines and systems in place differ across regions, since they are based on national laws and regulations. In Sweden, the occupational health and management system also covers consultants who have been contracted by the company and have their workplace at Axis.

We work proactively to prevent risks and continuously conduct risk assessments on such things as work-related hazards, to maintain a good work environment without risk of accidents or illness. In Sweden, all managers are required to conduct a risk assessment when changes are made to the business. A more wide-ranging follow-up is also carried out each year. Regional managers with employees in Sweden participate in the annual risk assessment. In other parts of the world, efforts are based on national laws and regulations.

In Sweden, work-related incidents and accidents are reported to HR and an internal report is issued, along with an action plan. The safety representatives receive information about all incidents and accidents, and these are discussed and followed up by the health and safety committees. In addition, a report is issued at the end of each year summarizing all the incidents and accidents that have occurred. Annual safety inspections are performed. In other regions, incidents are dealt with in accordance with national laws and regulations.

**HEALTH AND SAFETY COMMITTEES**

Axis has four health and safety committees, two in Sweden (which hold quarterly meetings), one in Canada (held quarterly) and one in the USA (held monthly), all responsible for overall issues having to do with the work environment. They are comprised of representatives from HR, Facilities, configuration, and logistics centers.

**SAFETY AND SAFETY REPRESENTATIVES**

Worker training on health and safety varies from country to country, according to the prevailing laws and regulations. There are trainings on first aid heart and lung rescue, ergonomics, fire safety, and other safety issues. The HR function arranges internal work environment trainings for all managers in Sweden.
Diversity, inclusion and equality

We know that diverse teams foster both creativity and innovation, and diversity and inclusion is an integral part of our strategy and future growth plans.

Diversity includes, but is not limited to, gender, age, nationality, background, culture, skills, and other attributes. An inclusive, positive work climate, with diversity and equality, drives employee engagement and helps us attract and retain the right people. We also strive to ensure that employees with equal qualifications receive equal pay for equal performance and responsibilities.

We see an increase of gender diversity among managers with 31 percent women and 69 percent men in 2021. However, our overall gender diversity has not improved significantly. Of the total number of new employees during the year, 28 percent were women. For the company overall, 28 percent of the employees are women and 72 percent are men.

We focus on educational actions to raise awareness globally regarding biases and discrimination, and a variety of trainings and initiatives at both a local and regional level have been carried out during 2021.

Selected initiatives in 2021

> We cooperate with the Security Industry Association (SIA) and their RISE initiative in the USA. The purpose is to attract new talent, develop and keep employees, and promote diversity and inclusion throughout the industry.

> In the EME region of Axis, we arranged webinar trainings as part of the Women in Security initiative. The purpose was to encourage more women to apply for positions at Axis, along with increasing diversity and inclusion at the company.

> Women in Security initiatives were also held in different places in APAC during the year, and with different focus areas. In June, they focused on actions we can take to support women in the workplace.

> A project based on competence-based recruiting was initiated in Sweden.

> Pride was supported at head office from July to October 2021 with flags, a quiz, and general awareness.

> Pink Programming

> Her Tech Future: Local high school initiative in Lund aimed at encouraging young women to consider a career in tech.

> We worked together with Swedish Chamber of Commerce Singapore to create a book, entitled ‘100 Perspectives on Gender Equality in Singapore’, in which, among others, our VP in APAC talked about how he built a new management team with focus on diversity.

As stated in our code of conduct, we have zero tolerance for discrimination or harassment of any kind. This includes, but is not limited to, discrimination or harassment based on gender, sexual orientation, ethnicity, national origin, religious beliefs, age, marital status, disability, or any other form of unlawful discrimination. We have a variety of initiatives in place for countering discrimination and harassment throughout the entire company. All reported cases must be handled promptly and in accordance with our processes and policies. One case was reported during 2021; it is currently under investigation.

Employee health and safety

The ongoing pandemic continued to present us with challenges in 2021. Throughout the year, most of our employees worked from home to some extent. The focus has been on overcoming the psychosocial and collaborative challenges created by remote working, ensuring that our people still feel involved and engaged. Our employees remained strongly committed to creating a sense of inclusion and solidarity, even though they were mostly only able to meet in digital forums.

From an employer perspective, we are aware of the challenges remote working can present and therefore the program Axis@Home was launched in Sweden. The aim of Axis@Home is to maintain the good mental and physical health of employees working from home. All managers received training in how to best support their remote working team members’ health and well-being, and to make sure that health and safety aspects, such as an ergonomically correct workplace and a good work-life balance, were highlighted and considered. The initiative is built around a questionnaire/discussion model that has been used in individual meetings with every employee. All employees in Sweden were also able to meet an ergonomics specialist online, and have a chair and a desk delivered to their home, if needed.

Digital lectures on ergonomics, work-life balance, and physical health were made available to all employees, regardless of geographical location.

Accidents and lost workdays

| Work-related accidents | 9, of which 0 fatal accidents |
| Number of accidents resulting in lost workday | 1 |
| Number of lost workdays** | 5 |

*Most workplace accidents were due to travel to and from work. No serious work-related injuries were reported. Minor injuries which can be remedied solely with first aid are not included.

*Number of days that the employee has been on sick leave.

*Data collection. All data is collected in a global system (except for 2N, which submits data to be compiled centrally).
GOALS AND TARGET FULFILLMENT

**Health and safety**
At least one additional significant initiative to increase the health and safety of Axis employees.
Action was taken in all regions to promote this focus area and some of those activities are described in the text.

**Zero tolerance for harassment**
All reported cases must be handled promptly and in accordance with Axis processes and policies.
One case was reported in 2021; it is currently under investigation.

**Diversity and inclusion**
Educational actions to raise awareness globally regarding biases and discrimination.
A variety of trainings were held during the year, and a number of activities were conducted at both local and regional levels. See examples in the text.

**Positive contributions to local communities**
A variety of initiatives and activities worldwide supported and contributed to local communities; some of these are described in the text.
During the year, a dedicated mental health committee was formed in the USA with the mission to support the mental health and well-being of our employees by raising awareness, enhancing education, and cultivating conversation. Guidelines regarding work locations, number of people (if any) involved in physical meetings, use of facemasks, etc have also been put in place in every location. These have varied in content depending on local and national rules and guidelines.

Keeping our employees safe from COVID-19 remained a priority. We made sure our sales force had access to testing kits and could ensure they were COVID-19 negative before taking any physical meetings.

Employee engagement
We conduct employee surveys on a regular basis. The aim is to gather employee views about teamwork, engagement, leadership, and the workplace. Employee surveys are normally carried out every other year and during 2021, employee surveys were conducted in several countries, although not in Sweden.

According to the Great Place to Work Global Employee Engagement Study, 96 percent of employees at Axis Communications in the USA say it is a great place to work, compared to 57 percent of employees at a typical US-based company. In 2021, our operations in the USA were ranked as #1 in Fortune Best Workplaces in Manufacturing & Production (Small and Medium). This means we retain our top position from 2019, when the previous Great Place to Work Engagement study was performed.

In 2021, Great Place to Work surveys and certifications were also carried out in Japan, Singapore and Australia. In addition, the process to formalize certifications for South Korea, India, China, Hong Kong, and Taiwan was initiated during the year.

Positive contribution to local communities
Being active in, and making positive contributions to, the local societies in which we are active are important part of our sustainability strategy.

We contribute to society and promote positive development both locally and regionally through engagement in education initiatives, sponsorship, and volunteering activities.

Selected initiatives in 2021
- Jobbsprånget: We participate in the Swedish initiative to help newly arrived immigrants find employment by advertising job and interview candidates. Unfortunately, this did not end up in any employment this time.
- Coder Kids: Local event in Lund, Sweden, geared at inspiring children between ages eight to 12 to get interested in coding. We had our own classroom and helped teach some fundamentals to interested children.
- First Lego League: This is an initiative where children get a fun introduction to technology and what you can do with it. We engaged in the competition as judge and volunteers.
- Mattecentrum/Formelsamlingen: An initiative in Sweden where we help children to get support at home with their math skills. This gives them a chance to learn math and be able to further their education.
- In 2021, Axis employees across the Americas spent a total of 2,051 hours giving back to local communities.

- Our Axis Korea team participated in the ‘Save the Children’ campaign hosted by the international relief and development NGO Save the Children, and donated 91 hand-knit woolen baby hats in this season. The team has participated in the annual hat-knitting campaign since 2012 as part of the activity ‘Axis Safe Kids Campaign’, and more than 700 hats have been donated so far.

- Donation to Children’s Society of Singapore, Dignity Kitchen for Christmas: Axis teamed up with Singapore Children’s Society to give Christmas presents to 42 under-privileged kids based on their wish list. Additionally, there was an optional donation which supported Dignity Kitchen in buying Christmas cookies to be delivered to the 42 children as well.
We collaborate with suppliers, distributors, and partners to minimize the impact of our own operations along the entire value chain and the life cycle of our products and solutions. The largest part of our own environmental impact is generated through manufacturing and transports. Energy consumption during usage has the largest impact once our products and solutions are in use.

We also work on streamlining logistics flows and to the extent possible, using sea and land transports, instead of air.

There is an increasing focus on the environmental aspects of product development, and sustainability is included in the road map directive, which is our three year plan for product development. It includes phasing out brominated and chlorinated flame retardants (BFR and CFR) in products, and testing ways of using more recycled plastic and renewable bioplastic.

Area 1: Beat climate change

We collaborate with suppliers, distributors, and partners to minimize the impact of our own operations along the entire value chain and the life cycle of our products and solutions. The largest part of our own environmental impact is generated through manufacturing and transports. Energy consumption during usage has the largest impact once our products and solutions are in use.

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Power usage in Axis products and solutions

The lifecycle analyses we have conducted previously clearly show that between 60 and 80 percent of the total environmental impact of network cameras is associated with its energy consumption during usage. Consequently, we spend a great deal of time and effort trying to make the power supplies that we design to be as efficient as possible, so that power delivery occurs with minimal waste in the form of heat, electrical noise, etc. This extends to both internal product power supplies and external supplies which may be used to power diverse PoE products.

We strive to innovate technologies that lower energy consumption, and therefore CO₂ emissions, of our products and solutions, and to implement between three to five projects each year. One example is the ARTPEC-8, our latest system-on-chip. By using a more power efficient technology, it can deliver a 1080p30 stream using 40 percent less energy than ARTPEC-7 under the same conditions.
GOALS AND TARGET FULFILLMENT

**Emissions**
Reducing CO₂ emissions per sold unit from business operations, including transports, by 20 percent from 2016 to 2022, measured as kg CO₂ per sold unit.

In 2021, CO₂ emissions from operations per sold unit increased by 2 percent compared to 2020 and decreased by 25 percent compared to 2016.

Reducing CO₂ emissions per sold unit from transports by 20 percent from 2016 to 2022, measured as kg CO₂ per sold unit.

In 2021, CO₂ emissions from transports increased by 3 percent, measured as kg CO₂ per sold unit, compared to 2020, and fell by 7 percent compared to 2016.

Reducing electricity consumption by 5 percent per employee per year at the headquarters in Sweden.

Electricity consumption per employee at the headquarters in Lund (MWh per employee) increased by 8 percent compared to 2020.

**Emissions from suppliers’ processes**
100 percent fossil-free energy in manufacturing and logistics centers by 2030.

73 percent of suppliers have taken action to meet the requirements that 100 percent of energy use will be derived from fossil-free sources by 2030.

50 percent fossil-free energy in manufacturing and logistics centers by 2024.

100 percent of suppliers have taken action to meet the requirements that 50 percent of energy use will be derived from fossil-free sources by 2024.

**OPTIMIZING PACKAGING**
We are continually striving to increase recycling and optimize product packaging. Doing so helps make transports more efficient and eco-friendlier. We work actively to increase the use of fiber-based materials, such as corrugated board, and minimize the use of foam and plastics in all packaging. We also strive to reuse packaging materials coming in from our suppliers, if possible. During the year, we launched several projects with the aim of reducing the amount of packaging for some of our most sold units. In one project, we reviewed two existing boxes and made a redesign of the packaging solutions. This resulted in a reduction of the packaging volume of 35 percent for one sales unit and 89 percent for the other sales unit. In another project, we successfully managed to reduce the amount of plastics used in the packaging for a particular sales unit by 70 percent.

**MANUFACTURING AND CONFIGURATION CLOSE TO THE CUSTOMER**
Our aim is that manufacturing and configuration of the products at various CLCs should occur as close to each market as possible. This ensures good flexibility, as well as short transport lead times, and offers advantages from both an environmental and cost perspective. We continuously investigate ways to further improve in this area.

**Emissions from transports, Axis own operations* and suppliers, (CO₂ kg per sold unit)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>4.51</td>
<td>4.41</td>
<td>5.59</td>
<td>5.84</td>
<td>6.03</td>
</tr>
</tbody>
</table>

**Emissions from Axis transports (CO₂ kg per sold unit)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>3.78</td>
<td>3.66</td>
<td>3.71</td>
<td>4.09</td>
<td>4.28</td>
</tr>
</tbody>
</table>

* Operations run by Axis, excluding 2N, Citilog, contract manufacturers, and CLCs that are not owned by Axis.
Emissions

Each year, we monitor, report, and analyze our CO₂e\* emissions. This provides insight into which processes generate the most emissions and what to focus on most in order to lower our overall carbon footprint. We have reported on our Scope 1, Scope 2 and part of our Scope 3 emissions for several years, and are currently in the process of mapping our Scope 3 emissions in more detail. So far, we are only measuring emissions from inbound and outbound transportation and business travel in Scope 3, but will have a fuller Scope 3 reporting in 2022.

Our internal 2021 carbon footprint report focuses on emissions related to energy consumption of our premises, company cars, and business travel. The report also includes emissions from inbound transports, which are transportation from contract manufacturers to Axis configuration and logistics centers (CLC), as well as emissions from outbound transports, which are transports from CLCs to distributors. The carbon footprint report includes emissions from all logistics centers and contract manufacturers.

The majority of our life cycle carbon footprint is attributable to third parties. Emissions from transports carried out by third parties account for 74 percent and our own operations* account for 10 percent of the total CO₂e emissions. Emissions from own operations are primarily associated with energy consumption, heating of premises, paper consumption, company cars and business travel.

In 2021, our total CO₂e emissions (covering Scope 1 and 2 plus in- and outbound transports from contract manufacturers and Axis CLCs, as well as business travel) increased from 30,197 to 33,025 tons CO₂e. This increase can, to a large extent, be explained by increases in inbound transport. We use carbon offsets for all business travel by air and some of our air freight. For 2021, carbon offsetting amounted to 679 tons of CO₂e.

Emissions per employee increased from 1.27 tons CO₂e to 1.37 tons CO₂e.

In 2021, CO₂e emissions from operations per sold unit increased by 2 percent compared to 2020, and decreased by 25 percent compared to 2016.

\* Excluding 2N, Citilog, contract manufacturers, and CLCs that are not owned by Axis.

\** Carbon dioxide equivalents, or CO2e, is a metric for describing how different greenhouse gases, of a given quantity, contribute to the greenhouse effect and impact global warming, measured in the equivalent amount of CO₂.

*** Electricity consumption for work completed from home has not been taken into account in these figures.
**Emissions from transports**

The situation for Axis freight during 2021 and factors impacting on it have been more or less the same as during 2020. Continuously increased shortage of components forced the supply chain to use more air freight for certain transports, instead of the usual sea and road freight. Increased congestion in the sea freight market, caused by less capacity and more demand, as well as a continued shortage of containers, again forced us to use air freight over sea freight due to the prolonged lead times by sea, as well as lack of capacity and reliability.

Our stated goal of maximum 65 percent inbound air freight is on target. The first half of the year showed an improvement, but the second half had a worse situation overall for the above mentioned reasons. As far as the goal reduction of CO₂ emission per shipped unit by 20 percent by 2021 compared to 2016 goes, the net intermediate goal was not fulfilled. During the year, CO₂ emissions from transports increased 3 percent, measured as kg CO₂ per sold unit, compared to 2020, a reduction compared to 2016 of no more than 7 percent.

However, if we include carbon offset programs (which are in place to counteract variations to the supply chain outside of Axis control) we have achieved a CO₂ reduction of 17.7 percent per sold unit since 2016.

**Energy consumption in our own operations**

Globally, electricity consumption per full-time employee, excluding logistics centers and contract manufacturing sites, increased from 2.4 to 2.6 MWh in 2021. At the headquarters in Lund, where 58 percent of all employees have their workplace, energy consumption increased from 2.5 to 2.7 MWh per employee. The main reason for the increase is the expansion of product development labs, a new large restaurant kitchen, and high voltage power plant in the main building. This equals an increase of 8 percent per employee per year, which means that we are far from our stated target of a 5 percent reduction per employee in Sweden. During 2022, we will conduct an investigation to further identify 'hot spots' and address these in an action plan.
Fossil-free energy
We use fossil-free energy at our head office, CLC in Lund, and premises in Linköping, Sweden, as well as at some of our sales offices around the world. We encourage all local offices to review their energy mix, with the aim of increasing the percentage of fossil-free energy.

We work closely with contract manufacturers and logistics centers to develop plans for how they can reduce the use of fossil energy. The majority of these are well on track: 100 percent of our suppliers have taken action to meet our stated goal of 50 percent fossil-free energy by 2024. When it comes to the goal of 100 percent fossil-free energy in manufacturing and logistics centers by 2030, 73 percent of all suppliers have taken adequate action.

Environmental training
During the year, the environmental function arranged online training for employees worldwide in order to raise awareness and knowledge of our environmental efforts. We also conducted a variety of other trainings on such things as environmental performance and green design for employees working within the R&D function.
Area 2: Protect natural resources

We strive to achieve a responsible use of natural resources along the entire value chain. This includes promoting the use of recycled materials and responsible water consumption. We endeavor to use recycled material, reduce the number of product parts, select low-weight components, minimize material waste, optimize packaging, and improve both energy consumption and efficiency in our own operations and our products.

Transitioning to a circular economy

During 2021, we reviewed and updated our Green Design Evaluation Form: a scorecard used for evaluating the environmental impact of our products, which includes detailed requirement specifications. The scorecard makes it easier to evaluate various aspects, such as the choice of materials, and the use of material and optimization of product weight and volume, along with reduction of material waste. It is used in all development projects, ensuring that environmental considerations are integrated into the product development process.

We also staged a number of workshops and presentations to increase awareness among our mechanical engineers on design from a circular perspective.

Together with students at LTH (Lund University's Faculty of Engineering), we have initiated two Master theses on transitioning towards a circular economy: one with the focus on exploring the opportunities for Axis to introduce a take-back system for recycling decommissioned products in the US, the other on sustainable repair service offerings.

These projects have given us valuable insights and recommendations which we will explore further going forward.

Use of water

Water is an important resource and large quantities of water are consumed during the manufacturing of Axis products. We are striving to both lower and optimize water usage in our own operations and that of our suppliers.

Our main impact on water lies with our suppliers and manufacturers. Water usage for our own operations was 17,695 m³ in 2021. At our headquarters, we only use very limited water, but have, however, set a small target of reducing our water use by 1 percent per year.

We have documented water use at our suppliers with a focus on water intense processes and have contacted suppliers to obtain information about water consumption targets.

Water use is one of the areas we look at when auditing suppliers and we follow up on the requirement that suppliers with high water consumption must set reduction targets.

Renewable carbon-based plastics

Use of recycled and renewable materials helps conserve natural resources and lower environmental impact. We constantly strive to phase in and increase the use of recycled, renewable/biobased material in our products.

Our stated target* is more than 20 percent renewable carbon-based plastic** of all plastic content in all Axis designed products launched in 2024. No product launched in 2021 had more than 20 percent renewable carbon-based plastic. However, during the year we doubled our total consumption of renewable carbon-based plastics from 23 to 51.5 tons. During 2021, we launched three products containing renewable carbon-based plastics: AXIS P3818-PVE, AXIS Q1656 and AXIS Q1656-LE. AXIS Q1656 is our first product series containing the biobased plastic EcoPAXX: a high-performance polyamide, which is made from renewable castor bean oil and is carbon neutral from cradle to end of life. We have two verified EcoPAXX material grades that have the same excellent technical performance as conventional fossil-based materials. This is an important step towards reducing our dependence on fossil fuel-based materials.

We want to protect ecosystems and are constantly striving to eliminate the use of hazardous substances, which may harm ecosystems or people, in our products. We have implemented systematic procedures for product development, selection and origin of materials, components, and packaging to ensure that these meet quality and functionality, as well as our sustainability, requirements.

*During 2021 the goal was adjusted compared with the previous goal of 20 percent recycled/biobased plastic of all Axis plastic consumption by 2024.

** Renewable carbon-based plastics are bio-based, recycled or carbon dioxide/carbon monoxide-based plastics. Our plastic content = plastic parts designed by Axis.
Area 3: Protect ecosystems

Material compliance
We have material compliance processes to control hazardous materials and substances in our products in place and during 2021, we launched a new platform for substance control. We are fully compliant with the EU Waste Framework Directive, which stipulates that, starting January 2021, companies that produce, import or supply articles containing Candidate List substances shall submit information to the SCIP database. The SCIP database provides waste operators with information about the hazardous substances in the waste they process, so that material streams can potentially be controlled, facilitating circular economy.

Lowering the use of hazardous substances in Axis products
Axis meets the demands in the EU’s directive on restriction of certain hazardous substances in electrical and electronic equipment: the RoHS directive, and the requirements in the EU’s directive on the collection and recycling of electrical and electronic equipment (WEEE). We also meet the requirements in the EU’s regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which aims to control/eliminate dangerous substances.

We have a list of banned and restricted substances. Axis products contain a variety of materials, such as aluminum, zinc, steel, stainless steel, polycarbonate/acrylonitrile butadiene styrene, polycarbonate, polyamide, polymethylmethacrylate, polyurethane, silicone, thermoplastic elastomer, and rubber.

Greensoft is a software solution that makes it possible for us to more systematically collect and validate data relating to product content. This means we get a better overview of the content in various materials, an important step process of increasing the use of materials that have a lower environmental impact.

Materials that are used in our products must meet both quality and functional requirements, while minimizing environmental impact. Our products should not contain any substances that are harmful to people or the environment. Hazardous substances are being phased out.

We want to protect ecosystems and are constantly striving to eliminate the use of hazardous substances, which may harm ecosystems or people, in our products. We have implemented systematic procedures for product development, selection and origin of materials, components, and packaging to ensure that these meet quality and functionality, as well as our sustainability requirements.

BFR/CFR and PVC
We have set ambitious targets to reduce BFR (brominated flame retardants) and CFR (chlorinated flame retardants). The goal is that 100 percent of all indoor cameras launched in 2022, all cameras launched in 2024, and all Axis designed products launched in 2025 should be BFR/CFR-free. Progress is slightly slower than expected. 27 percent of all cameras launched in 2021 were BFR/CFR-free, with the distribution of 50 percent of all indoor cameras and 12 percent of all outdoor cameras.

PVC can emit toxic substances and it is harmful to both human health and the environment. It is also difficult to recycle. We are striving to phase out PVC from our products and are well on track. The goal is that 100 percent of all launched Axis products should be PVC-free by 2025. In total, approximately 90 percent of Axis network cameras and encoders launched in 2021 are PVC-free.
Innovate responsibly

We believe it’s possible to develop and adopt new technologies, deliver high-quality products and solutions, and strengthen people’s rights at the same time. We acknowledge the ethical dilemmas inherent in many situations where our technologies and humans meet. We strive to improve the trustworthiness of digital technologies, work hard to ensure correct use of our products to safeguard individuals’ privacy, and deliver the highest level of cybersecurity.

Cybersecurity

Cybersecurity is about products, people, technology, and processes. We strive to raise the security requirement in all aspects: from our product offering to how we operate. As an organization, we follow processes and implement IT systems to ensure best possible reliability, accessibility, and confidentiality of information. Governing documents are the Axis IT security policy and vulnerability guidelines, which stipulate how we respond to security issues. We also have a responsive support policy detailing the company’s commitment to remedying security deficiencies as quickly as possible.

Our organizational cybersecurity protection focuses on protecting data assets and computer resources, and on managing risks over a longer period of time. While risks can be mitigated, it is very rare that they can be completely eliminated. We continually inform and train our employees on cybersecurity and customer privacy. We also collaborate with partners and stipulate requirements on the security efforts of suppliers. When it comes to our product development, we have stringent processes in place to ensure we meet security requirements in all development phases, from design and development to testing of our products. Doing so minimizes the risk of security flaws and system vulnerabilities that could be exploited.

IT security and protection of customer privacy

Protecting customer information and customer privacy has the highest priority at Axis. We have a strong commitment to continual improvement, development, and protection of information assets/sensitive data, as well as legal compliance. Any identified vulnerability, whether in our products and services or our IT infrastructure, is taken extremely seriously and dealt with immediately. No significant security breaches were reported in our products, services or IT infrastructure during the year.

Extended ISO/EIC27001 certification

In 2021, we prepared and submitted an application for an ISO/IEC 27001 certification for our development and operations of internal IT infrastructure and services. The audit for compliance with ISO/IEC 27001 was completed by an accredited third-party certification body in December 2021 and includes an extended scope compared to the original certification of Axis ISMS in 2019.
IT security and customer privacy

Axis will handle customer privacy in a correct and secure manner, and minimize the risks of cyber threats and attacks, so that customers’ data is well protected.

Axis works systematically and proactively to ensure that customer information is well protected in Axis IT systems, as described in the text.

In 2021, all identified flaws in the protection against device tampering were remedied.

More detailed information about specific vulnerabilities can be found on www.axis.com

The ISO/IEC 27001 is the most internationally recognized standard for working with information security and risk management. Extending our scope proves our commitment to continually improving the security across our systems, products and solutions. Compliance with ISO/IEC 27001 demonstrates that we use internationally recognized processes and best practices to manage our information infrastructure and the systems that support and deliver services to customers and partners.

ISO/IEC 27001 and other industry standards are important certifications to achieve, but we see them as the baseline rather than the target, and always look to go beyond the standard in our own security and data management.

Regular trainings

Information security awareness is an important part of the employee onboarding process. Furthermore, all employees are required to partake in regular information security awareness training.

CVE Numbering Authority

In 2021, Axis was approved as a Common Vulnerability and Exposures (CVE) Numbering Authority (CNA) for our own products. This authorizes us to assign and publish CVE IDs to vulnerabilities in our products.

The CVE program relies on the community to discover vulnerabilities. Once discovered, these are then assigned and published by organizations from around the world that have partnered with the CVE program. This ensures vulnerability management according to industry standard practices. Customers will be able to make use of vulnerability notification services that the CVE program offers in order to be able to quickly implement security hardening methods on Axis products and solutions. Standardizing this process further establishes us as a security authority.

The CVE program is well-established and many network security scanning tools use the CVE list as the library for their scanners. This status will enable us to assign CVE identifiers to vulnerabilities within our own products and firmware, and notify customers of a vulnerability via their device or network scanning tool.
Cybersecurity in products and solutions
The security of our products and solutions is a key priority from design to product use, and we always strive to make our products even more reliable and safe. Considerable effort is put into ensuring that all our software is robust and resilient to cyber attacks. We also provide training to partners and customers on how to build safe systems in order to ensure that our products and solutions are used safely.

Increased security with multi-factor authentication
Security devices, such as network cameras and video management systems, are only as cybersecure as their user authentication procedures. Multi-factor authentication (MFA) is one of the most effective methods to increase security. It is a proven method of reducing cybercrimes, as it can prevent the majority of bulk phishing attempts and targeted attacks.

During 2021, we made our software more secure by implementing MFA and the possibility to enable it for all MyAxis accounts. MFA is a security system that requires multiple credentials to verify a user’s identity, adding another layer of verification to ensure the user’s identity and make it harder for malicious users to log into an account unauthorized.

Responding to security vulnerabilities
We follow industry best practices in managing and responding to security vulnerabilities. Vulnerabilities that we identify as critical or caused by Axis will be prioritized and often announced with a security advisory, published on our web. The vulnerability archive transparently lists both OpenSource and Axis vulnerabilities that have been brought to our attention.

Ensuring the integrity of surveillance video
The trust in video evidence is a central part in the security industry, and assuring that video hasn’t been edited since capture is essential. In 2021, we launched a project for video authentication, and shared an open source reference design that provides the surveillance industry with an open method for video authentication and verification. We will also implement this in our own cameras as signed video during 2022. Signed video adds a cryptographic checksum to the video, which is then signed by the Axis device ID, supplying proof that the video was produced inside a specific Axis camera.

The open source reference design can be used by surveillance camera manufacturers and video management software vendors as a straightforward method to establish the authenticity of video footage produced, without requiring physical access to the camera and working even when in offline mode. In their own cameras, a manufacturer is required to use tamper-resistant hardware to store a unique product ID and sign the video.
GOALS AND TARGET FULFILLMENT

Human rights including privacy during usage
Axis strives to ensure that its products and solutions are always used in an ethical and correct way, while respecting human rights and protecting personal privacy. None of its products or solutions should violate human rights or personal privacy.

All employees, distributors, and partners are continuously informed of the Axis standpoint, as described in the text.

Human rights and privacy during usage
We are well aware that our vision to innovate for a smarter, safer world entails balancing society’s need for security with the protection of personal privacy. Respecting human rights is part of our commitment to be compliant with the ten principles of the UN Global Compact. Respecting human rights and promoting ethical use of our products and solutions are essential parts of the Axis code of conduct. In 2021, we initiated a human rights due diligence project that will continue in 2022. Please see more on page 16.

One of the largest ethical risks associated with using our products is the violation of human rights and personal privacy. We strive to counteract and prevent all forms of human rights violations, discrimination, and oppression. The overriding aim is for all of our products and solutions to be used ethically, correctly, and responsibly. All suppliers that manufacture and assemble Axis products must sign and comply with Axis supplier code of conduct. Suppliers are also audited on various criteria, including human rights. Other means that we employ to limit the risks include export restrictions, and screening of partners and customers.

End users are responsible for how surveillance cameras are used and how video footage is stored, both of which are important aspects of privacy protection. We use an indirect sales model that relies on distributors and partners for selling our products and solutions to customers. As such, we are not always aware of how customers use our products and solutions. In reality, this means that our insight into, and ability to prevent, improper use of its products and solutions is limited.

However, we are very careful in choosing our distributors and partners, and establishing long-term collaboration with them. Everything is based on trust, transparency, and continual dialogue between Axis and our distributors, partners, employees, and customers.
Be trustworthy

We know that people will only do business with those they trust, and that companies will only be commercially successful if people have faith in them. The Axis business model is built on long-term and resilient partnerships, and our track record spans more than 30 years. Being transparent and reliable is inherent to our success, and all our relationships are based on openness and constructive dialogue.

A business based on partnerships
The goal of making life better guides everything we do at Axis. For us, innovation has always been about how we can add new dimensions to society. To make a positive difference, we trust in each other's initiative and imagination, share knowledge, and build close relationships with our partners and customers.

We know that being a reliable and credible business partner is essential, and that openness, transparency, and reliability are key factors for success. Being trustworthy and ethical are important factors in the buying decisions of our customers, and in order to be able to recruit and retain employees, we must be credible and ethical, as well as socially and environmentally sustainable.

Active knowledge sharing
We work closely with our partners in relationships that are long-term and based on openness, loyalty, trust, and continual dialogue. Long-term partnerships help facilitate knowledge sharing and exchange. Training of our partners is primarily carried out within the scope of Axis Communications Academy and the Axis Certification Program. Knowledge exchange and engagement with both partners and customers also occurs via Axis Experience Centers.

Focus on responsibility
Our ethical approach helps ensure that our products are developed, manufactured, distributed, sold, and used in a responsible and sustainable way. We also apply a structured, focused approach for making risk assessments, addressing, mitigating, and managing sustainability risks, engaging in dialogue, and raising awareness of good business ethics at all levels, both within our own organization and with others in the value chain (suppliers, distributors, partners). The overarching aim is for all technology in our products and solutions to be used correctly and responsibly.

Ensure shared values
This includes third-party technology, such as facial recognition, where careful considerations must be respected to avoid any violations of human rights. We work actively to ensure that its technology is not misused, so that violations of human rights and personal privacy are avoided. One key aspect of this is providing information and training to our partners, ensuring that they share our values and apply the same approach as us to business ethics and other sustainability issues.

INDEPENDENT SUSTAINABILITY ASSESSMENT
In 2021, EcoVadis, the world’s leading provider of business sustainability ratings, performed an independent assessment of our corporate social responsibility credentials. Their score placed Axis in the 88th percentile of all companies that have been evaluated, and resulted in a Silver Sustainability Rating. This is better than the average score of companies in our industry. This assessment has given Axis valuable and relevant information about which areas we can focus on improving. It also provides our stakeholders with independent information about our sustainability efforts.
Sustainability reporting and governance

About the report

This sustainability report has been prepared in accordance with the GRI's (Global Reporting Initiative) reporting principles on stakeholder inclusiveness, sustainability context, materiality, and completeness, aimed at providing full understanding of the economic, environmental, and social impact Axis has had during the period.

The sustainability report contains the economic, business ethics, environmental, and social topics that are most significant for Axis and the company’s stakeholders, and where the impact is greatest. It also specifies the boundaries for these topics with a description of sustainability governance and at least one disclosure for each topic.

A comment is provided in the GRI content index for any information that has not been provided, or which is limited in scope, having to do with a material topic. In instances where there have been recalculations or changes in the reporting, information on that is provided in the specific context or description for each topic. The sustainability report covers the 2021 fiscal year. Unless otherwise is stated, the scope is the entire Group, including wholly-owned subsidiaries. For a full list of all the companies included in the Group, please see www.axis.com.

Axis has produced sustainability reports annually according to GRI’s guidelines since 2010. Axis intends to continue to publish its sustainability report annually. The date of the most recent sustainability report is March 28, 2022.

The sustainability report is not externally audited.

If you have comments or questions about the report, please contact: Björn Hallerborn (bjorn.hallerborn@axis.com)
Phone: +46 46 272 18 00.
Sustainability governance

Group management
Group management has overall responsibility for the sustainability strategy and sustainability work, which is also based on feedback and interaction with the board of directors.

Audit committee
The audit committee is a working committee of the board of directors. Its responsibilities include follow-up on the company’s sustainability work and sustainability report, financial reporting, internal control, legal issues, and risk management.

Sustainability Project Group
The Sustainability Project Group is responsible for developing sustainability initiatives and activities in various areas. It also has operative responsibility for sustainability reporting. It comprises representatives from the following functions: Human Resources, Sales, Quality & Environment, and Communications.

Business Ethics Council
The Business Ethics Council is responsible for sustainability issues having to do with business ethics, as well as initiating necessary projects, activities or driving education within the area of business ethics. Furthermore, it defines and proposes policies to Axis group management for implementation across all departments and functions at Axis. The Business Ethics Council comprises representatives from group management and relevant functions.

Social Council
The Social Council runs sustainability efforts associated with social responsibility. This includes issues having to do with the work environment, diversity and inclusion topics, engagement in communities and related areas. It comprises representatives from group management, Global Sales, Human Resources, R&D, Communications and Legal.

Environmental Council
The Environmental Council works with environmental issues and projects aimed at minimizing the company’s environmental impact. It is comprised of representatives from the following functions: R&D, Global Sales, Communications, Quality & Environment, Operations, and Product Management. Representatives from group management also participate in the Environmental Council, which is led by the Environment function.

Materiality Assessment
Axis annually conducts a materiality assessment to understand what sustainability issues are most material for the company based in our impact, our stakeholders’ perception, and our business strategy. See following pages for an overview of our most material sustainability topics and the relevant GRI standards.
### GRI content index

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**AXIS SUSTAINABILITY REPORT 2021**

**THIS IS AXIS**

**MATERIALITY AND RISKS**

**OUR SUSTAINABLE APPROACH**

**REPORTING AND GOVERNANCE**

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<td><strong>GRI 300 Environmental Standards Series</strong></td>
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<td><strong>MATERIAL</strong></td>
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<tr>
<td>GRI 103: Management Approach 2016</td>
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<td>Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach</td>
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<td>GRI 301: Materials 2016</td>
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<td>Recycled input materials used</td>
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<td>Energy consumption within the organization</td>
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<td>302-3</td>
<td>Energy intensity</td>
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<td>Reduction of energy consumption</td>
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<td>GRI 303: Water and effluents 2018</td>
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<td>Water consumption</td>
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<td>GRI 305: Emissions 2016</td>
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<td>Reduction of GHG emissions</td>
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<td>New suppliers that were screened using environmental criteria</td>
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<td>Negative environmental impacts in the supply chain and actions taken</td>
<td>21, 32-33</td>
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<td><strong>GRI 400 Social Standards Series</strong></td>
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<td>GRI 403: Occupational Health and Safety 2018</td>
<td>403-1</td>
<td>Occupational health and safety management system</td>
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<td>403-2</td>
<td>Hazard identification, risk assessment, and incident investigation</td>
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<tr>
<td>403-3</td>
<td>Occupational health services</td>
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<tr>
<td>403-4</td>
<td>Worker participation, consultation, and communication on occupational health and safety</td>
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<td>403-5</td>
<td>Worker training on occupational health and safety</td>
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<td>403-6</td>
<td>Promotion of worker health</td>
<td>23, 25</td>
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<td>403-7</td>
<td>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</td>
<td>18, 20-21</td>
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<td>403-9</td>
<td>Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities</td>
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<td>Further data unavailable</td>
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### MATERIAL TOPICS CONTINUED

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<thead>
<tr>
<th>Disc. number</th>
<th>Disc. title</th>
<th>Page number(s)</th>
<th>Omissions</th>
<th>UN GC principles</th>
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<tr>
<td>103-1/2/3</td>
<td>Diversity of governance bodies and employees</td>
<td>24-25</td>
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<td>406-1</td>
<td>Incidents of discrimination and corrective actions taken</td>
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<td>Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach</td>
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<td>406-1</td>
<td>Operations that have been subject to human rights reviews or impact assessments</td>
<td>16-18, 21</td>
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<tr>
<td>412-2</td>
<td>Employee training on human rights policies or procedures</td>
<td>16-17</td>
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<td>413-1</td>
<td>Operations with local community engagement, impact assessments, and development programs</td>
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<td>414-1</td>
<td>New suppliers that were screened using social criteria</td>
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<tr>
<td>414-2</td>
<td>Negative social impacts in the supply chain and actions taken</td>
<td>18, 20-21</td>
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<td>Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach</td>
<td>5, 34-37</td>
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<tr>
<td>416-1</td>
<td>Assessment of the health and safety impacts of product and service categories</td>
<td>34-37</td>
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<tr>
<td>103-1/2/3</td>
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<td>5, 34-37</td>
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<td>418-1</td>
<td>Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
<td>34-37</td>
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#### The UN Global Compact ten principles

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.</td>
</tr>
<tr>
<td>2</td>
<td>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.</td>
</tr>
<tr>
<td>3</td>
<td>Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.</td>
</tr>
<tr>
<td>4</td>
<td>Businesses should work against corruption in all its forms, including extortion and bribery.</td>
</tr>
</tbody>
</table>

**HUMAN RIGHTS**

**LABOR**

**ENVIRONMENTAL**

**ANTI-CORRUPTION**
Financial summary

Leaving the first year of the pandemic behind, expectations on a strong recovery in 2021 were high. After a successful first half of the year, perfectly in line with plans, the global component shortage started to impact the market, with limited production capacity and slower sales development as immediate consequences. With a strong market demand, the order intake trend remained, which ended the year with a large and solid order stock. A lot of resources within R&D and Operations were put on technical redesigns and solving supply chain challenges. A continued strong customer focus, cost awareness and a durable corporate culture, combined with resilience, paved the way to a sales growth of 9 percent in local currency and a modest operating margin of just above 7 percent.

Axis continued to add new employees during 2021, but at a significantly slower pace than previous years. Continuous recruiting of talented people, sharing our vision and values, is key for future growth. Despite being successful in attracting and recruiting new employees, more people than usual decided to look for opportunities outside Axis. The number of net employees increased by 157 and closed the year on 3,962.

The ability to continue to develop the business operations, despite uncertain and challenging market conditions, puts Axis in a good position when the video surveillance industry and the global supply situation recover in 2022. Combined with market leading innovations and a solid global partner network, the intention is to return to double-digit growth during 2022.

As the Axis group is fully owned by Canon Inc., Axis does not file any separate consolidated annual report. The financial summary is compiled and consolidated based on IFRS accounting principles and included in the sustainability report for information purposes. The annual reports for each Swedish legal entity are filed with the Swedish companies registration office (Bolagsverket). The financial information presented in this report is consolidated financial information for the entire Group, and has been approved by the board of Axis AB.
### Consolidated comprehensive income

<table>
<thead>
<tr>
<th>SEK M</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>11,699.0</td>
<td>11,563.6</td>
</tr>
<tr>
<td>Cost of goods and services sold</td>
<td>-5,946.9</td>
<td>-5,788.8</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>5,752.1</strong></td>
<td><strong>5,774.8</strong></td>
</tr>
<tr>
<td>Other income and changes of value</td>
<td>1.1</td>
<td>-97.1</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>-2,105.2</td>
<td>-1,796.9</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-464.1</td>
<td>-419.3</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>-2,331.8</td>
<td>-2,213.1</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td><strong>852.2</strong></td>
<td><strong>1,248.4</strong></td>
</tr>
<tr>
<td>Financial items - net</td>
<td>-12.8</td>
<td>-19.0</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>839.4</strong></td>
<td><strong>1,229.4</strong></td>
</tr>
<tr>
<td>Income tax</td>
<td>-195.3</td>
<td>-283.0</td>
</tr>
<tr>
<td><strong>Net profit for the period</strong></td>
<td><strong>644.0</strong></td>
<td><strong>946.5</strong></td>
</tr>
</tbody>
</table>

### Consolidated balance sheet

<table>
<thead>
<tr>
<th>Dec 31, 2021</th>
<th>Dec 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>3,278.7</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,592.7</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>882.7</td>
</tr>
<tr>
<td>Other receivables</td>
<td>547.2</td>
</tr>
<tr>
<td>Current investments</td>
<td>169.9</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,399.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,870.6</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>6,463.8</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>939.7</td>
</tr>
<tr>
<td>Trade payables</td>
<td>1,030.5</td>
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<tr>
<td>Other current liabilities</td>
<td>1,436.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,870.6</strong></td>
</tr>
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### Consolidated cash flow statement

<table>
<thead>
<tr>
<th>SEK M</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities before change in working capital</td>
<td>1,146.1</td>
<td>1,152.2</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>566.1</td>
<td>185.1</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>1,712.2</strong></td>
<td><strong>1,337.4</strong></td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-402.0</td>
<td>-408.2</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-694.6</td>
<td>-55.0</td>
</tr>
<tr>
<td><strong>Cash flow for the period</strong></td>
<td><strong>615.7</strong></td>
<td><strong>874.1</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>2,783.6</td>
<td>1,909.5</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>3,399.3</td>
<td>2,783.6</td>
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## Multi-year summary

### Income statement (SEK M)

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<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
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<tbody>
<tr>
<td>Net sales</td>
<td>11,699.0</td>
<td>11,563.6</td>
<td>11,805.9</td>
<td>10,277.7</td>
<td>8,602.6</td>
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<tr>
<td>Cost of goods and services sold</td>
<td>-5,946.9</td>
<td>-5,788.8</td>
<td>-5,729.1</td>
<td>-4,916.0</td>
<td>-4,143.8</td>
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<tr>
<td>Gross profit</td>
<td>5,752.1</td>
<td>5,774.8</td>
<td>6,076.8</td>
<td>5,361.7</td>
<td>4,458.8</td>
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<tr>
<td>Operating profit</td>
<td>852.2</td>
<td>1,248.4</td>
<td>1,607.6</td>
<td>1,349.3</td>
<td>1,013.9</td>
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<tr>
<td>Profit after financial items</td>
<td>839.4</td>
<td>1,229.4</td>
<td>1,584.9</td>
<td>1,348.8</td>
<td>1,011.0</td>
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<tr>
<td>Tax on net profit</td>
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<td>-283.0</td>
<td>-353.4</td>
<td>-331.2</td>
<td>-275.2</td>
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<tr>
<td>Net profit for the period</td>
<td>644.0</td>
<td>946.5</td>
<td>1,231.6</td>
<td>1,017.6</td>
<td>735.8</td>
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### Balance sheet (SEK M)

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<tbody>
<tr>
<td>Equity</td>
<td>6,463.8</td>
<td>6,096.8</td>
<td>5,231.1</td>
<td>3,958.1</td>
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<tr>
<td>Non-current assets</td>
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<td>1,562.1</td>
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<tr>
<td>Inventories</td>
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<td>1,778.7</td>
<td>1,492.9</td>
<td>803.3</td>
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<td>985.6</td>
<td>561.5</td>
<td>780.7</td>
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<tr>
<td>Other receivables</td>
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<td>421.5</td>
<td>319.6</td>
<td>239.2</td>
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<td>Current investments</td>
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<td>0.0</td>
<td>89.3</td>
<td>93.2</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>3,399.3</td>
<td>2,783.6</td>
<td>1,909.5</td>
<td>2,035.5</td>
<td>1,533.5</td>
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<tr>
<td>Total</td>
<td>9,870.6</td>
<td>8,689.4</td>
<td>7,990.6</td>
<td>6,411.9</td>
<td>5,012.0</td>
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### Cash flow statement (SEK M)

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<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
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<tbody>
<tr>
<td>Cash flow from operating activities before change in working capital</td>
<td>1,146.1</td>
<td>1,152.2</td>
<td>1,713.4</td>
<td>1,098.3</td>
<td>983.7</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>566.1</td>
<td>185.1</td>
<td>-1251.2</td>
<td>25.5</td>
<td>380.3</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,712.2</td>
<td>1,337.4</td>
<td>462.2</td>
<td>1,123.8</td>
<td>1,364.0</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-402.0</td>
<td>-408.2</td>
<td>-441.4</td>
<td>-520.5</td>
<td>-623.7</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-694.6</td>
<td>-55.0</td>
<td>-146.8</td>
<td>-101.3</td>
<td>-65.1</td>
</tr>
<tr>
<td>Cash flow for the period</td>
<td>615.7</td>
<td>874.1</td>
<td>-126.0</td>
<td>502.0</td>
<td>675.2</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>2,783.6</td>
<td>1,909.5</td>
<td>2,035.5</td>
<td>1,533.5</td>
<td>858.3</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>3,399.3</td>
<td>2,783.6</td>
<td>1,909.5</td>
<td>2,035.5</td>
<td>1,533.5</td>
</tr>
</tbody>
</table>
Corporate governance

Axis is a Swedish corporation with its registered office in Lund, Sweden. It is fully owned by Canon Inc., although it operates as an independent company within the Canon Group.

Despite the delisting of Axis and the fact that Canon Inc. holds 100 percent of the shares and votes in the company, Axis corporate governance is based on the Swedish Corporate Governance Code. As follows from the ownership structure, Axis deviates from the Swedish Corporate Governance Code in certain parts.

Annual general meeting
The annual general meeting (AGM) is Axis highest decision-making body. At the AGM, resolutions are passed on important questions, such as the appropriation of the company’s profit or loss, discharge from liability for the members of the board of directors and for the president, election of board members, chairman of the board and auditor, and possible amendments of the articles of association.

The board of directors evaluates its work annually, using a systematic and structured process, with the aim of developing the board’s working methods and efficiency. Furthermore, the board evaluates the work of the chief executive officer formally once a year.

Board of directors
During the period between AGMs, the board of directors of Axis constitutes the highest decision-making body in the company. The duties of the board are governed by the Swedish Companies Act and by the articles of association.

President & CEO and group management
Axis group management consists of nine members, and is led by the president and CEO, Ray Mauritsson. The president and CEO manages the day-to-day work, and is responsible for keeping the board informed of the performance of the operations and ensuring that the business is conducted in accordance with the board’s guidelines and instructions.

Audit
Axis auditors are elected by the AGM. At the AGM 2021, Deloitte was elected as auditor for the period until the end of the next AGM.
Board of directors

Bert Nordberg
Chairman of the board
Member of the Board since: 2021
Board member of: Vestas Windsystems A/S (chairman), Sigma Connectivity AB (chairman), Essity AB, Saab Group AB and SCA
Education: Engineer, Business Studies at INSEAD
Work experience: Ericsson, Sony Mobile Communications, Digital Equipment Corporation

Martin Gren
Advisor New Business, Axis Communications
Member of the Board since: 1984
Board member of: AB Greenspecialisten (chairman), Greenspecialisten Förvaltning AB (chairman), Askero-Sagobooks Förlag AB, Ekos Aktiebolag, H. Lundén Holding Aktiebolag, Proact IT Group AB
Education: Lund University, Honorary Doctor HC Lund University
Working experience: Co-founder and employee of Axis

Marianne Brismar
Senior Partner Intercept AB
Member of the Board since: 2018
Board memberships: Fam. Knut & Ragnvi Jacobssons Foundation (chairman), Almi Företagspartner West (chairman), Derome, Green Carrier Holding, JOAB
Education: B.Sc. in Business Administration and Economics, B.Sc. in Pharmacy
Working experience: Roussel Nordiska, Atlet Group, Nissan Motor

Håkan Kirstein
Industrial Advisor
Member of the Board since: 2015
Board memberships: Cherrystone AB
Education: M.Sc. in Economics
Working experience: Eltel Group, Niscayah Group, StatoilHydro Sweden

Toshizo Tanaka
Representative Director & Executive Vice President, Canon Inc. and Chief Financial Officer, Canon Inc.
Member of the Board since: 2015
Education: Degree in Economics
Working experience: Various leading positions within the Canon Group

Employee representatives

Mats Friberg
Employee Representative
Member of the Board since: 2015
Employee at Axis since: 2000

Malte Lennerstedt
Employee Representative
Member of the Board since: 2017
Employee at Axis since: 2013

Eva Svensson
Employee Representative
Member of the Board since: 2017
Employee at Axis since: 2012

Fredrik Andersson
Employee Representative (Deputy)
Member of the Board since: 2020
Employee at Axis since: 2012

Cecilia Persson
Employee Representative (Deputy)
Member of the Board since: 2020
Employee at Axis since: 2017
Group management

Ray Mauritsson
President & Chief Executive Officer
Employed by Axis since: 1995
Education: M.Sc. in Engineering Physics, Executive MBA
Previous employment: TAC
Board memberships: Alfa Laval AB

Jonas Hansson
Chief Information Officer
Employed by Axis since: 2000
Education: M.Sc. in Chemical Engineering, Degree in Journalism
Previous employment: Netech Technologies, Nationalencyklopedin
Board memberships: Creofant AB, Ortelius AB

Peter Lindström
Executive Vice President Sales
Employed by Axis since: 2003
Education: University Certificate in Electrical Engineering, Executive MBA, Lund University
Previous employment: Sony, BPE Broadcast Professional Europe, GoPoint, Gandalf Data
Board memberships: Formpipe Software AB

Fredrik Nilsson
Vice President, Americas
Employed by Axis since: 1996
Education: M.Sc. in Electrical Engineering, studies in Economics
Previous employment: ABB
Board memberships: Micro Systemation AB

Johan Paulsson
Chief Technology Officer
Employed by Axis since: 2008
Education: M.Sc. in Electrical Engineering
Previous employment: Ericsson, Anoto
Board memberships: Acconeer AB, SaFP AB, Wingplantan AB, OARO AB

Fredrik Sjöstrand
Vice President & Chief Financial Officer
Employed by Axis since: 1998
Education: M.Sc. in Business Administration
Previous employment: E.ON, PwC

Malin K Svensson
Chief People Officer
Employed by Axis since: 2011
Education: B.Sc. in Human Resources Development and Labour Relations/ Employment Law
Previous employment: Trelleborg, Adecco, Scandlines

Lars Åberg
Vice President, Marketing
Employed by Axis since: 2008
Education: B.Sc. in Business Administration and Economics, IFL Executive General Management Program
Previous employment: Unilever, Ericsson
Mobile Communications, Bona Kemi

Per Ådelroth
Vice President, Operations
Employed by Axis since: 1994
Education: M.Sc. in Industrial Engineering and Management
Previous employment: Accenture
Board memberships: Color Your Life by Elisabet Ådelroth AB, JLT Mobile Computers AB (publ), JLT Mobile Computers Sweden AB