

Annual review & sustainability report **2019**



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SUSTAINABILITY

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The year in brief



- Sales increased to SEK 11.8 billion
- Operating margin of 13.6 percent
- Continued global expansion
 - 8 new offices
 - 2 new configuration and logistics centers
- Investments in R&D corresponding to 18 percent of sales
- Launch of more than 100 high-quality products, applications and accessories
- Launch of ARTPEC-7, which is the seventh generation of the company's chipset
- Developed a new code of conduct, with the aim of clarifying the company's values and ethics. It will be implemented in 2020.
- Compulsory training in anti-corruption was provided for all employees in 2019
- Proactive, systematic work to strengthen IT security aimed at providing effective protection for products, solutions and systems
- Initiatives aimed at increasing equality and diversity, particularly in recruitment efforts
- A new goal was set for employee wellness, which is to promote and support healthy and sustainable living. Various activities and initiatives got underway during the year aimed at achieving that goal.
- A global satisfaction survey was carried out during the year across 56 countries. The overall Customer Satisfaction Index (CSI) was 77 (max 100), which indicates that the majority of Axis partners are very satisfied.
- New long-term environmental goals were established
- A new travel policy was launched aimed at lowering the amount of business travel
- Several new PVC-free cameras and the two first cameras that are entirely BFR/CFR-free were launched
- Lowered CO₂ emissions from operations during the year from 36,704 (2018) to 35,014 tons CO₂e

This is Axis

A smarter, safer world.

We enable a smarter and safer world by creating network solutions that improve security and inspire new ways of doing business.

While security is still our main focus, we are gradually expanding into related markets with video surveillance, audio, and access control products and solutions. We back these with support and an extensive range of training programs.

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 end customers.



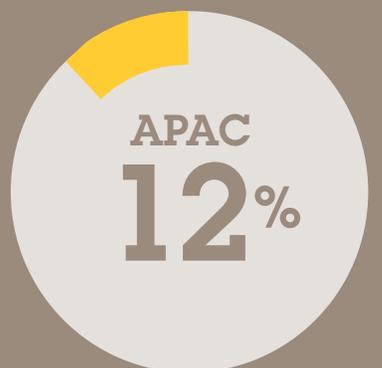
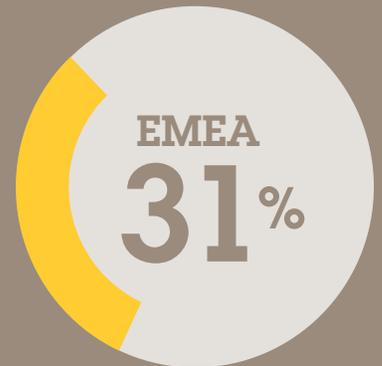
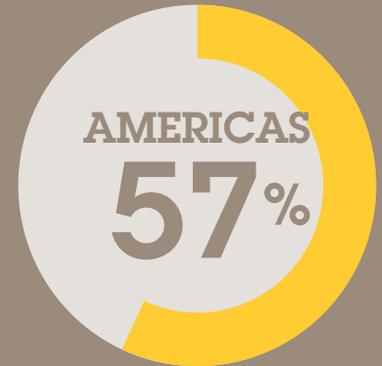
Vision

Innovating
for a smarter,
safer world.

Mission

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

Revenue per region 2019



1984 founded in Sweden

11.8 billion SEK in sales*

3,646 employees
in 51 countries

179 countries with local presence
via an extensive partner network

Axis Group companies: **Citilog and 2N**

Part of **Canon Group**

* Sales 2019 1.3 billion USD

EMEA: Europe, Middle East and Africa
APAC: Asia Pacific

A decade of strong **growth** with **focus** on innovation and sustainability

2019 was another stable year for Axis, with both healthy growth and profitability. Thanks to a responsible development of technology and innovation and with the confidence that our employees, customers, partners and other stakeholders have in Axis, we have been able to run the business successfully and sustainably. We strive to generate sustainable value for our stakeholders by taking long-term social and environmental responsibility and applying good business ethics.

As we enter into 2020, we can look back on the 2010s as a strong decade. During this period, our total number of employees and sales have grown by a factor of five. 2019 was another good year for Axis. Overall growth has been close to 15 percent, but there were significant variations between regions. At the same time, our profitability has remained strong. We have had a high rate of innovation, developing smart products and solutions in collaboration with our partners that contribute to a higher level of safety and security in society. For network cameras, Axis has had robust growth that has exceeded the expected general market growth. Our overall rate of growth has also been fueled by the addition of new product areas.

During the year, we launched more than 100 high-quality products, applications and accessories including ARTPEC-7, which is the seventh generation of the Axis chipset.

Long-term responsibility and trust

Interest in topics having to do with cybersecurity, responsible use of technology and personal privacy is growing in society. The same applies to issues such as social responsibility, carbon footprint and business ethics. Openness, transparency and acknowledging our responsibility are very important to Axis. In our experience, it builds trust and ensures that our employees, end customers, distributors, partners, suppliers, owner and society will continue to have confidence in us.

We are convinced that trust will become an even more important factor for success over time. Trust and ethics will become increasingly important factors in buying decisions.

Focus on cybersecurity

Cybersecurity and personal privacy go hand-in-hand. Cybersecurity will become ever-more critical with the increasing use of advanced analytics and machine learning in connected devices. Protecting customer information and personal privacy has the highest priority at Axis and we continued putting much focus on this during the year.

Responsible use of technology

The rapid development of Artificial Intelligence (AI) and machine learning is generating many benefits and opening up amazing opportunities. At the same time, however, ethical principles and behavior must never be compromised. We only develop commercial offers for user scenarios we believe in and we always communicate clear intent with our innovations, solutions and offerings. We provide training and knowledge-sharing opportunities for employees, distributors, partners and suppliers to ensure compliance and disseminate information on our attitudes and approach. This includes explaining the complexity of ethical aspects. It also includes expectations on our partners to fully support the intended use of our offerings.

Sustainability in the entire value chain

Sustainability is an integral part of our operations and it is essential to our continued growth and successful development. As the company grows, so does the importance of sustainability in that Axis will have a bigger impact on its stakeholders and must, accordingly, take greater responsibility.

We apply a structured, focused approach for managing sustainability risks and raising awareness. It applies not only to our own organization, but also others in the value chain, such as our suppliers, distributors, partners and end customers. Our stakeholders appreciate and value that Axis actively pursues sustainability issues.

Axis became a signatory of the UN Global Compact in 2007 and it bases its sustainability work on those ten principles. Since then, the principles have guided us in how we work with sustainability. Axis supports the UN 2030 Agenda and actively strives to contribute to the Global Sustainable Development Goals (SDGs).

Dedicated employees

Naturally, our success depends on our highly skilled, dedicated and motivated employees. I am truly impressed and proud of what they have achieved during the year.

We continued recruiting at a quick pace and at the end of the year, the total number of employees at Axis was 3,646. It means that on average, we recruited more than one new employee every single day last year!

Recruiting and maintaining the best talent in the market is a challenge for every employer. We offer an attractive workplace where our employees thrive, and everyone is given ample opportunities for career and skill development. We have a strong global presence with employees in 51 countries, which enhances our attractiveness as an employer. In order to be successful in our recruiting efforts, we must genuinely run the business with high ethical standards. Social and environmental sustainability are also key and our comprehensive sustainability efforts provide Axis with competitive advantages. We have a thorough strategy for onboarding, which is essential to our ability to remain innovative and promote a company culture that fosters entrepreneurship, openness and taking responsibility.

More diversity and inclusion

Axis has been persistent in its efforts to push the boundaries for more equality, diversity and inclusion in all teams and functions. One successful initiative was our Women in Security EMEA Conference. Goals of the conference were to, for example, increase awareness of diversity and inclusion, while creating a forum for women to meet and network. We are also very mindful of our recruiting process.

Another reason to celebrate is that, once again, the results from our annual employee satisfaction survey were very favorable. Employees rank Axis as a very good workplace.

Smaller carbon footprint

Awareness of climate change is increasing all the time. Axis is striving to lower the environmental impact of its own operations and those of its suppliers, along with developing products and solutions that are both environmentally sustainable and energy efficient.

Continual improvement

During the year, we established new long-term environmental goals as part of our effort to *Beat climate change, Protect natural resources and Protect ecosystems*. We are continuing the phaseout of hazardous substances like PVC, while striving to use more recycled material in both products and packaging.

Responsible business conduct

We are working diligently to always apply good business ethics and counteract corruption in our own operations and in those of our suppliers, distributors and other partners. For example, compulsory training in anti-corruption was provided for all employees in 2019, together with signing a document stating that they comply with the anti-corruption policy.

Sustainable business model for a smarter, safer world

We are committed to maintaining our role as a leader in development, with a focus on innovation and sustainability. At Axis, we listen to our customers and partners with the aim of strengthening their offerings, generating more value and helping them improve and streamline their operations.

Together with our partners, we have a strong global presence and our aim is to continue growing in both mature and growth markets.

We expect continued positive development for our core products and solutions. As the market for our core products has gradually matured, we have succeeded in taking new steps. We are expanding the product portfolio beyond network cameras and into new categories. Adding more software to cameras also fuels growth.

We look forward to the future with confidence, to an ever-changing, yet exciting world that is full of technical possibilities.

Axis has always taken its responsibilities seriously and will continue to do so. Trade conflicts and protectionism are worldwide trends that are on the rise, which creates both challenges and business opportunities. Here, Axis has certain advantages stemming from our independence and the trust that our stakeholders have in us. However, at the time of writing, the COVID-19 pandemic is generating uncertainty across the globe, affecting us as well as other companies. We are constantly monitoring the development and taking appropriate actions.

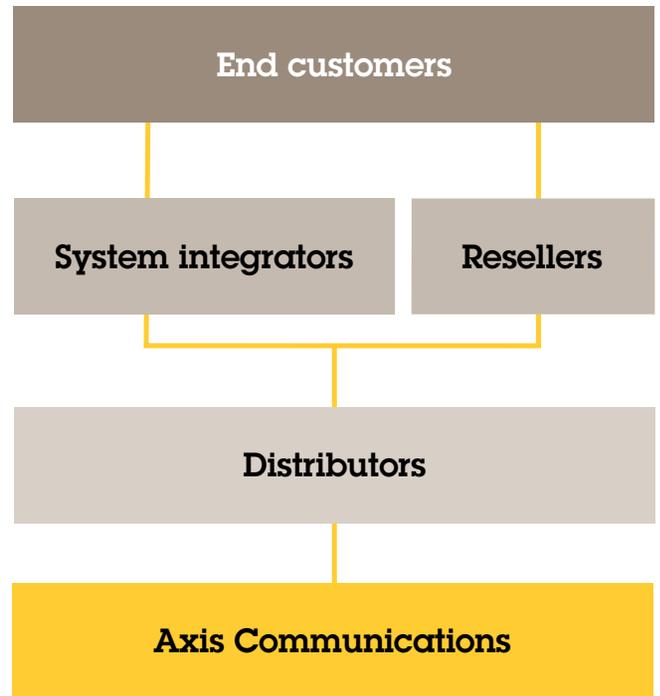
Our agenda is both long-term and ambitious. We are working continually, and in a goal-oriented way, to further integrate sustainability into all aspects of our operations, while striving to ensure that the same standard is maintained at all links in the value chain. In this way, we run the business with long-term success and sustainability as the top priority. We are well-positioned for future sustainable and profitable growth.

Our talented employees and partners work as a team to tackle global challenges. Each one of us is committed to developing, manufacturing and distributing products and solutions that are both innovative and reliable, thereby helping to create a smarter, safer world.



Ray Mauritsson
President & CEO

Axis go-to-market model



A business model based on innovation and collaboration

Axis' successful growth results from a strategy of global market presence with strong local ties, long-term partnerships and continual development of innovative products and solutions.

There are three important cornerstones to Axis' strategy: global presence; sales via partners who have strong ties and are experts in their local markets; and continual renewal and expansion of the offering of innovative products and solutions. This is how Axis creates long-term value for partners and end customers.

Global market presence with strong local ties

As a leading market player, Axis has a strong position in each market where the company has operations. The company has its own offices in 51 countries. It also has a global network of partners and retailers in 179 countries. This provides end users across the world with access to products and solutions that offer a higher level of safety and security, smart technologies and which opens up new business opportunities.

Expansion occurs by creating a greater presence in existing markets, stronger ties with partners and through recruiting efforts. Axis widens the scope of its offering by expanding to new areas such as audio for security and physical access control. Axis is also expanding in growth markets and establishing a presence in new geographic markets.

In collaboration with its partners, Axis is offering a wider range of end-to-end video surveillance solutions. It is doing so in both existing and new sectors, for large and small customers and in new areas of application.

The open dialog that occurs within the partner network facilitates quick identification of new customer segments and business opportunities.

Long-term collaboration and continual dialog

Axis engages in a continual dialog with its partners and end customers aimed at remaining on the cutting-edge of technology and creating new, innovative products and solutions that meet its customers' various and changing needs. These long-term, loyal partnerships facilitate an exchange of knowledge that everyone benefits from. It also helps align efforts to develop the market in a beneficial way.

Continual knowledge-sharing

Axis supports its customers by providing expertise and sharing knowledge. The company provides information and offers training to its partners on such things as IT security and cyber security. Training for distributors, partners and end customers occurs primarily within the scope of Axis Communications Academy and the Axis Certification Program as classroom lessons and web-based training for solutions, products and technologies. During the year, more than 40,000 distributors, partners and end customers participated in Axis training. Since its inception in 2005, more than 97,000 individuals have participated in classroom training. In 2019, approximately 31,000 individuals participated in web-based training and almost 10,000 in classroom courses. Almost 13,000 individuals have become certified via the Axis Certification Program since its start in 2011.

Knowledge-sharing and dialog with end customers and partners also occurs at Axis Experience Centers, helping Axis gain a better understanding of their needs. Axis strives to offer the best possible technical support via its highly-trained and available staff, professional and knowledgeable service, flexibility and high delivery precision. The company also continually makes investments to enhance quality and ensure that its products and solutions are easy to install. All of this creates value for both partners and end customers, who remain loyal and satisfied over the long term. Surveys that Axis regularly conducts verify that the customer loyalty of its partners is very high. Please read more about customer loyalty on page 32.

Innovation for continued growth

Many Axis products and solutions are created in collaboration with partners. Frequently, in fact, the initiative comes from partners concerning desired functions, products or solutions. One example of this was collaboration with distributors aimed at making it easier for them to repackage and distribute Axis products globally.

As a leading market player and innovative force, Axis strives to influence rapid global development in network-based security solutions. It is continually adding new products, accessories and holistic solutions that satisfy customer needs. Axis keeps innovating for a smarter, safer world, thereby generating growth and long-term value to its customers and partners.

Trends that impact Axis

Higher need for security

Safety and security are fundamental needs for everyone in society, i.e., individuals, companies and every other type of organization. There is also a growing demand from governments and companies for video monitoring systems that can be used to protect both people and critical infrastructures. Another trend is the growing acceptance and willingness to use cameras to help solve crimes.

Axis provides innovative, long-term, sustainable solutions for more effective monitoring that helps fight crime, improve crisis preparedness, make schools and workplaces safer and numerous other benefits.

Trust

Trust throughout the entire value chain is vital and the importance of this is increasing all the time. For example, customers as well as citizens and individuals must be able to trust that organizations collect and use data responsibly, that devices and data are protected from cybercriminals, that data is accurate and that technology functions as intended.

Business customers will increasingly be considering trust and ethical factors as decision parameters for their buying decisions. Furthermore, in order to successfully recruit and retain employees, companies must be able to demonstrate that they are credible and ethical, as well as socially and environmentally sustainable.

Privacy

Technologies such as dynamic anonymization and masking can be used to protect privacy. However, attitudes and regulations on this vary significantly across regions and countries. Axis always conforms with the prevailing international legal framework. Axis respects human rights and opposes behavior such as discrimination and inequality. Furthermore, the company only develops commercial offerings for user scenarios that it believes in. Axis always communicates clear intent with its innovations, solutions and offerings to employees, customers and partners.

This includes expectations on Axis' partners to fully support the intended use of the company's products and solutions. Axis' innovations help create a smarter, safer world, while always striving to balance the need for making societies more secure with the need to protect privacy.

Cybersecurity

Cybersecurity will become increasingly important as devices are used to process and analyze an ever-increasing amount of data. This is particularly critical with the growing use of advanced analytics and machine learning in connected devices.

Axis works proactively and systematically with IT security in accordance with a focused strategy and structured method for protecting products and solutions from both intrusion and damage. Axis collaborates with its partners to ensure as far as possible that there is a high level of IT security throughout the entire value chain.

Digitalization

IoT is fueling industrial digitalization, whereby more and more devices are being connected to collect and transfer data over the internet. Entirely new business opportunities are opening up because of this trend. Axis is developing network cameras with increasingly higher levels of innovative functionality and the company strives to continually meet customer needs more efficiently and effectively. This trend, however, involves greater vulnerability and security risks. It also puts higher requirements on protecting IT systems, processes, products and solutions, along with the information generated by them. Axis offers solutions that address each of these challenges.

The edge

Edge computing is the practice of processing data near the edge of your network, where the data is being generated. Doing so improves response times in that you can immediately get a sense of what is happening, decide what to do and then take appropriate action. Sending data across networks for processing and analysis in a centralized data-processing warehouse, then, waiting for a response, can simply take too long.

With edge computing, data is processed where it is generated, which for example can help prevent incidents. For Axis, "where it is generated" means inside the camera itself.

AI

The concept of embedded AI in the form of machine learning and deep learning computation will become more prevalent over time. Machine learning and deep learning have dramatically improved the ability to correctly identify, classify and process real events, actions, people and vehicles. For example, Axis' video analytics for monitoring roadway traffic can differentiate between actual accidents and the kinds of things that generate false alarms.

Environment and climate change

The awareness and concern for climate change in society is increasing, along with an understanding that everyone (individuals, companies, organizations and governments alike) must take responsibility to lower their own negative environmental impact. Technology will also be an important part of the equation. The demand for products and solutions that are environmentally sustainable and energy efficient is increasing. Connected sensors of all types, including those found in Axis' surveillance cameras, can, for example, help manage resources and energy in urban environments and buildings more efficiently.

Urbanization and smart cities

More than half of the world's population lives in cities, with this number predicted to increase to more than 60 percent by 2030*. And, more than 150 new cities with at least 1 million residents are expected to be added globally between 2018 and 2030, along with an additional 10 new megacities (population exceeding 10 million). Using technology to improve urban livelihoods and make cities more sustainable and resilient will thus become critical. Densely populated cities also have a greater need for solutions that improve safety and security. Axis' intelligent solutions do just that by, for example, protecting vital infrastructures and making them more efficient, improving traffic flows and helping facilitate a quicker response to accidents.

* Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). *The World's Cities in 2018—Data Booklet* (ST/ESA/SER.A/417).

Citilog and Axis have used AI and deep learning capability to reduce the number of false alarms—resulting in a smarter and safer journey

With AI and deep learning, the smart traffic solutions provided by Citilog* and Axis are helping increase traffic safety and lower the environmental impact of traffic on society.

Citilog has launched a traffic monitoring solution that uses Axis' network cameras and applies deep learning to automatically detect incidents on road infrastructures. The new addition of deep learning drastically reduces the number of false alarms, which means that for the traffic operators, the costs and time associated with dealing with false alarms are dramatically reduced. Secondly, the increased operational efficiency resulting from this new solution also positively impacts the environment, as more appropriate and timely responses to actual traffic events reduce both the build up of congestion and traffic jams. It is an improvement that indirectly lowers both fuel consumption and emissions.

Compared to traditional video detection applications, this new solution dramatically reduces the number of false alarms by 90 percent**.

False alarms: a difficult challenge

In the field of video analytics for traffic incident management false alarms have previously been a difficult challenge. The reason for this is because both objects and events are frequently interpreted as accidents in automatic incident detection systems. Examples of this range from shadows from cloud formations, infrastructure or buildings to reflections in water, high winds or heavy rain and snow.

"Automatic incident detection systems have been around for many years and false alarms have been a recurring problem...until now," says Jean-Marie Guyon, VP Sales and Marketing, Citilog. Citilog has come up with a solution using artificial intelligence and deep learning to train a neural network how to distinguish between events that are actual vehicles/accidents and events that are not.

"We've come up with a unique software solution that uses applied deep learning and we've integrated it into Axis network cameras," says Jean-Marie Guyon.

If a vehicle suddenly stops on the highway, or if there is an accident, the traffic operator is immediately notified and can view high-quality video and images of what exactly has happened.

This then facilitates the immediate appropriate response and quick action to remedy the problem. Thus, when traffic authorities have the ability to respond quickly, it lowers the risk that difficult situations will escalate and more importantly it also helps save lives.

Enormous quantities of data are required in order to apply deep learning effectively. Axis and Citilog's intelligent solutions for traffic monitoring and higher traffic safety have been used to analyze traffic flows for many years. Now, Citilog has succeeded in using some of these to train a neural network how to distinguish between actual incidents/accidents and the types of things that generate false alarms.

A reliable, credible solution

It's important to point out that Citilog's solution using Axis' network cameras is only used to identify objects, with a size similar to a vehicle. It is not possible to identify people's faces or vehicle license plate numbers, so no data that could be linked to individuals private information is captured.

"Traffic surveillance cameras are typically installed approximately 12-15 meters above ground and they can capture events that occur up to 200-300 meters away, which means at that distance, it is not possible to see the detail of faces or license plate numbers," says Jean-Marie Guyon.

In the past, this type of solution has successfully worked in tunnels, where the need for safety is very high since the risks and consequences of an accident can be extremely serious. In addition, in terms of video analytics, a tunnel environment is stable, because it is protected from the types of visual effects that can trigger a false alarm, such as shadows, rain, wind, etc., which are commonly encountered on open sections of road.

"Now, we have a solution that can generate reliable alarms even outside of tunnels. We can apply this technology on all types of roads where there is a need for quick notification and response to accidents," says Jean-Marie Guyon.

Future plans include applying this solution to situations involving vehicles and pedestrians in more urban environments. There are both financial and environmental gains to be achieved by doing so. But above all else, it can help save lives.

* Note: Citilog is a wholly-owned subsidiary of Axis.

** Citilog's internal audits carried out on different test sites over the last 12 months.



Global market presence

Axis is a market leader, with its own offices in 51 countries. It also has a global network of distributors and partners in 179 countries. During 2019, there was robust growth for network cameras in particular, but performance was also strong for audio products and solutions.

Axis strengthened its global presence in 2019 by increasing its collaboration with existing partners and setting up additional sales offices.

Axis has a strong position in each market where the company has business operations. Its strategy for expansion has become more region-focused and, as before, it always prioritizes quality, creating value and being a trusted partner. Efforts center around developing a local presence in growth markets and expanding into more mature markets.

Axis has strengthened its presence in existing markets by hiring additional employees.

The global video surveillance market (not including China) is forecast to grow 6.3 percent during the period 2019–2023 (IHS Video Surveillance Intelligence Service)*. Areas that are expected to grow the most are network cameras, particularly those with audio capability and video analytics applications. Analog cameras like HD CCTV are expected to decline the most, along with encoders.

* 2018 Market & Market Forecasts 2019–2023 World excl. China, Products and Technologies. Source: IHS Video Surveillance Intelligence Service 2019

Americas

The Americas region is Axis' largest market. For Axis, growth has been strong in all the countries of this region, with a high level of demand from many of its major customers. Axis has retained its position as a leading market player in the Americas.

The highest growth rate occurred in Canada. And, in both Canada and USA, the areas where growth was strongest were retail, commercial and critical infrastructure. In Latin America, growth was strongest for city surveillance. Growth is fueled by establishing strong partnerships with major local system integrators and by having close ties with very large end customers. Axis always strives to develop and expand its collaboration with distributors, system integrators and other partners over time.

One of the biggest challenges in the Americas is downward pressure on prices from competitors. Another challenge is successful expansion into new areas like access control, audio and intercom, which makes both sales and training more complex for the Axis sales team.

The importance of physical security is increasing for many end customers. There is also a growing interest in working more closely with technology manufacturers. Axis has continued pursuing its strategy of working more closely with customers and it now has eight Experience Centers in the region where it can engage with customers to share ideas and learn more about their needs. In addition, Axis has expanded its training programs offered through Axis Academy, which helps spark more knowledge sharing among partners in the region.

Europe, Middle East and Africa

Axis has a leading position in the EMEA region, even though growth during the year didn't live up to expectations. EMEA is a region that is highly fragmented. It means that there are considerable variations in both demand and the types of challenges that exist in different parts of the region regarding such things as customers, legislation and geopolitical conditions.

Axis has had solid development in its most significant customer categories. Critical infrastructure and city surveillance had particularly good development.

Looking more closely at specific geographic markets, growth has been strong in France, Benelux, Ireland and Central Europe. Growth was somewhat weaker, however, in some of the sub-markets in the Middle East and Eastern Europe due to geopolitical and macroeconomic uncertainty.

Axis has retained its focus on end-to-end solutions and expanding its offering beyond the scope of camera solutions. There has been a lot of interest in audio for security solutions.

Axis has attracted much interest due to its good cybersecurity and ambitious sustainability agenda.

The company continually invests in training to help its partners successfully sell increasingly complex solutions. Axis is also developing its ability to better understand customer needs. Its focus remains on markets with high growth potential, along with developing its collaboration with global partners and global end customers.

Asia Pacific

Growth in this region was good during the year for Axis. China is the region's largest market and it accounts for approximately almost half of the total global market for network cameras. The Chinese market is dominated by domestic players and, as with the rest of the region, competition is fierce.

Growth was good during the year in sectors such as critical infrastructure and transportation. There has also been strong demand from global end customers, particularly within IT and data centers. The demand for audio from within the retail and education sectors has also been strong.

In this region, a clear trend prevails of strong demand for intelligent solutions that include surveillance. Growth has been strong in Japan, India and South East Asia, for example. Axis has also noticed that major investments in infrastructure projects are being made in Australia.

Axis has continued its recruiting efforts and is looking at ways of speeding up and improving the recruiting process. Axis has a strong local presence and network of partners.

The company has kept its focus on end-to-end solutions and gaining a better understanding of the market's needs to determine how it can deliver the most value. Efforts have centered around developing the business, working more closely with customers, establishing closer ties with end users and strengthening the partner network to meet the demand in local markets.

Innovations for better sustainability, safety, security and value to customers

Innovation is a fundamental component of Axis company culture and it occurs in all parts and at all levels in the company. This is how creative ideas are captured so that Axis can continue developing and providing groundbreaking products and solutions for areas such as network video, access control, and audio. It is essential for meeting the various needs and challenges of Axis customers and partners, long-term competitiveness and future growth.

Axis' innovation work is run from several aspects and dimensions, based on the technical possibilities and a focus on customer needs. Innovation helps create a smarter, safer world and it is based on good intentions. It should benefit society, keeping it safe and secure, without infringing individual privacy and with respect for human rights.

Dynamic company culture

Prominent characteristics of the Axis company culture are entrepreneurial spirit, openness and taking responsibility. It permeates all aspects of the organization. The company culture has always been, and still is, fundamental to thriving innovation in a rapidly growing organization like Axis. Employees are trusted to make decisions and take responsibility, which promotes both innovation and creativity.

Employees are inquisitive and interested, dare to think in new ways and with a desire to constantly develop their skills and abilities and to challenge themselves. Innovation is a collaborative process that occurs across departments, where employees share their ideas.

Research and development primarily take place at Axis' head office in Lund. Approximately 1200 employees (corresponding to about one-third of the total number of employees) work in R&D, developing new products and solutions.

In 2019, Axis invested approximately 18 percent of the Group's net sales in research and development of both hardware and software. Axis pursues an active patent strategy. Axis currently has 505 active patents and registered design families. During 2019, the patent portfolio grew, 213 national patents and several registered design were granted and additional patent applications are pending. During the year, applications for 19 new design families and 61 new patent families were filed, chiefly related to camera technology.

The goal of research and development is to further strengthen Axis' position globally as a leading market player in network video. Among others, the aim is to make the products even easier to use, install and integrate, thereby lowering the costs for customers and partners alike. Innovations should also lower the environmental impact and help customers become more innovative and sustainable.

Create value

The point of departure for Axis innovations and product development is customer needs, challenges and requirements. Axis always strives to understand how customers think and act, how the technology, products and solutions create value for them and how their needs might change in the future.

Innovation at all levels

Axis promotes work methods that create flexible, innovative ways of working. Axis applies a holistic approach and its innovation work occurs at all stages of a product's life cycle.

Both time and resources are invested such that employees can generate their own ideas. Many of the departments at Axis have days devoted to innovation, where employees get to work with their own creative projects, which often results in new innovations.

Innovation is also an important component of the Axis leadership program and the introduction process for new employees. A great deal of inspiration comes from the surrounding world and Axis is constantly monitoring trends. Please read more on page 10.

Sustainable innovation

Continuous innovation is a prerequisite for quality, stability and long-term competitiveness. Axis also continually works to further improve energy efficiency in surveillance systems, while retaining functionality.

One important innovation, from an environmental perspective, is Axis Zipstream technology. It efficiently compresses video data to significantly lower bandwidth and storage requirements, without compromising important image details. It results in substantial costs savings, lower energy consumption and a lower environmental impact.



20 years with ARTPEC

In 2019, Axis launched ARTPEC 7. It is the seventh generation of its chip, which lies at the heart of the company's business. The in-house developed ARTPEC chip is the foundation for Axis' highly advanced network cameras and product capabilities. ARTPEC chips are optimized for efficient image processing and compression. The chips have been integrated into the majority of Axis' products.

The camera's most important component

At the time of its launch, in 1999, the ARTPEC chip revolutionized the way video is transferred and thus became a game-changer for the surveillance industry. The ARTPEC chip provides the basis for essential product capabilities enabling Axis to design advanced network cameras with high image quality, high performance, efficient utilization of bandwidth and powerful edge analytics. Because it is developed in-house, Axis has the necessary knowledge to adapt the chip to each camera and thereby the different needs and requirements of customers.

Due to the ever-increasing importance of IT security, the ARTPEC chip has, for many years, been designed with both current and future cybersecurity threats in mind. Axis owns the design, which means that it also has full control over all stages – from the architecture to finished product.

Two decades of new possibilities

ARTPEC has enabled Axis to develop completely new technologies, such as Wide Dynamic Range (WDR)- Forensic Capture. Cameras with this technology generate sharp images even in challenging lighting conditions. Another example is Axis Zipstream technology, which efficiently compresses video data to significantly lower bandwidth and storage requirements.

Over the years, the chip has become increasingly advanced. One significant advancement with ARTPEC 7 is Axis Lightfinder 2.0. It is a feature that delivers more realistic and saturated colors even in extremely low lighting. The images are also sharper. These technologies are also beneficial from an environmental perspective. ARTPEC 7 has been specifically developed for video surveillance and it has over 50 times the performance of the first chips.

The second generation, Zipstream 2.0, was launched during the year. Likewise, Axis Lightfinder technology also helps to lower both environmental impact and costs, as it enhances performance of cameras, resulting in sharp color images even in very low lighting conditions, without any need for additional external lighting or a flash.

Other innovations in 2019 include ARTPEC-7, which is the seventh generation of the company's chipset (see separate article).

Cybersecurity

Cybersecurity is a very important subject of innovation work and it applies to everything from the design stage to how the products are used. Besides technology development, it also has to do with making existing products even more reliable and secure, along with educating the market on how to create safe systems. Axis also works with tools that facilitate efficient system management and administration.

Collaboration for cutting-edge innovation

Axis engages in continual dialog with its suppliers, distributors and other partners to share knowledge and exchange ideas on product development. It is essential that Axis understands its customers' needs and challenges. Relevant solutions rely, for example, on an understanding of how the product will be used and the environment where it will be installed. For instance, Axis is collaborating with cities and municipalities to find new ways to make

cities smarter and safer with the help of video surveillance products and solutions.

Furthermore, Axis supports research collaborations, which is a way of gaining access to new ideas and knowledge. Axis has supported for example EASE (The Industrial Excellence Centre for Embedded Applications Software Engineering) and a collaboration directly with the Faculty of Engineering, LTH, Lund University concerning research, knowledge exchange and improvements in how Axis works with master's theses.

Another ongoing example is Wallenberg Artificial Intelligence, Autonomous Systems and Software Program (WASP), which carries out research on AI and autonomous systems. Axis is also employing an Industrial PhD student who is conducting a WASP research project. The project focuses on resource allocation in distributed networks to ensure that available resources are dynamically and optimally allocated at all time (bandwidth, storage, computing power).

In addition, Axis collaborates with Software Center, where companies and universities are working together to accelerate the adoption of novel approaches to software engineering.

There is also collaboration with universities and colleges by offering students the opportunity to conduct their thesis projects at Axis. The students focus on specific issues, which helps provide the company with new perspectives.



Sustainability

2019

Sustainability strategy

Sustainability is an important, natural part of Axis operations. Sustainability shall be an integral part of all activities and business processes where Axis develops and provides innovative, long-term sustainable, safe and reliable products and solutions for a smarter, safer world.

Sustainability is a prerequisite for Axis being able to generate steady growth and profitability over time, while continuing to develop smart, safe products and solutions.

Axis' active sustainability efforts involve running the business in an efficient way, improving its innovativeness and competitiveness and also strengthening the brand. Doing so generates value to the company and its various stakeholders. Axis creates value for suppliers, distributors, partners, end customers, employees and its owner, Canon. It also supports and participates in various initiatives to benefit society.

Axis takes long-term responsibility in the economic, environmental and social spheres, and strives to apply good business ethics throughout the value chain. This requires the company to have a broader perspective, taking responsibility beyond its own direct impact. Axis endeavors to be a driving force in the industry when it comes to technological innovations and prioritizing sustainability. As a leading market player, Axis acts from a position of strength, with the best intentions of making a positive impact in the surrounding world as regards sustainability issues.

Furthermore, as the company grows, so does the importance of sustainability in that Axis has a bigger impact on its stakeholders and must, accordingly, take greater responsibility. During the year, Axis initiated work to clarify its sustainability strategy by creating a group-wide sustainability framework. This will be further developed during 2020. Axis strives to achieve sustainable behavior throughout the entire value chain.

Responsible and innovative supply chain

All manufacturing of products shall occur in an environmentally, socially and ethically sustainable way that is both responsible and innovative.

All suppliers are expected to sign the Axis supplier code of conduct, comply with Axis requirements, take social and environmental responsibility for their operations and counteract corruption.

Responsible and innovative business operations

Axis shall run responsible and innovative business operations aimed at achieving long-term, sustainable growth. For Axis, this means efforts to fight climate change, protect natural resources and ecosystems, provide a safe and healthy workplace where there is gender balance, diversity and non-discrimination along with creating a company culture that promotes innovation and taking responsibility. Business shall be conducted in an ethical, responsible and transparent way.

Trusted partner

Both internal and external business relations shall be managed in an ethical and responsible way. Axis shall counteract corruption in its own business operations, as well as in its relationships with suppliers, distributors and other partners. Axis shall have the best possible IT security for its products, solutions and IT systems in order to protect the privacy of its partners and end customers.

Axis products and solutions shall meet customer needs, helping them to become more sustainable, improve their businesses, conduct smarter businesses and, together with partners, help make people's lives simpler and safer.

Responsible use of products and solutions

Axis shall strive to ensure that its products and solutions are used in the right way, with respect for both human rights and personal privacy. The purpose for which the solutions and the company's technology are used shall be both decent and responsible.

Focus areas

Economic responsibility

Achieving its financial targets and a satisfactory level of sustainable profitability is very important to Axis and its stakeholders. It provides the foundation for the company's long-term sustainability efforts.

Sustainable profitability and financial stability enable Axis to continue being a long-term stable and trusted partner to its distributors, partners and suppliers; pay wages to employees; purchase materials and services from suppliers; and pay taxes. Tax is an important component of taking responsibility in that it contributes to development in the countries where Axis operates. Axis pays taxes in accordance with applicable laws and regulations.

Environmental responsibility

Environmentally sustainable development is crucial to the future development of our planet. Axis shall be perceived as a leader in the industry by both new and future customers, employees, partners and other stakeholders as regards the company's contribution to environmentally sustainable development.

Axis strives to minimize the environmental impact of its own operations, as well as that of its products and solutions. The majority of Axis' environmental impact is indirect, and it occurs through manufacturing, transports and energy consumption when the company's products and solutions are used. Axis takes environmental responsibility by striving to make improvements throughout the value chain and the entire life cycle of its products and solutions. This work is carried out in the following three areas: *Beat climate change*, *Protect natural resources* and *Protect ecosystems*.

Responsible business conduct

All business and business relations shall be conducted in a responsible, transparent, credible and consistent way. Axis maintains close interaction with its suppliers, distributors and other partners. Such continual, long-term collaboration helps ensure that there is transparency and good business ethics throughout the entire value chain.

Axis applies the highest ethical standards in its business dealings and has zero tolerance for all forms of bribery and other forms of corruption. The company works proactively and systematically to counteract such behavior in its own operations, as well as in its relations with suppliers, distributors and other partners. Axis continually works with, and invests in, various measures to ensure that its products, solutions and IT systems are equipped the best possible IT security. This is a prerequisite for Axis being a trusted, responsible business partner, having satisfied customers and being able to protect its partners' and end customers' privacy when the company's products and solutions are used.

Social responsibility

Axis has great influence on people's lives and well-being. The company creates jobs and is an important employer in local markets. Axis' products and solutions contribute to a higher level of safety and security in society.

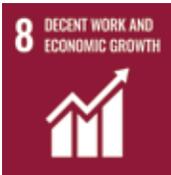
Axis' social responsibility includes providing good working conditions, along with a safe and secure workplace with a healthy psychosocial work environment characterized by equality, diversity and non-discrimination and respect for human rights as regards all of the company's own employees and those employed by its suppliers.

Axis' social responsibility also includes being a good member of society and investing in social initiatives, thereby making a positive contribution to society.



The Sustainable Development Goals

Axis supports the Global Goals and 2030 Agenda for Sustainable Development. Axis actively strives to make a positive contribution towards achieving these goals through its sustainability efforts. For more information on Axis' direct and indirect impact and the relevance of its sustainability efforts, please see pages 60-61.

 <p>1 NO POVERTY</p>	 <p>2 ZERO HUNGER</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>4 QUALITY EDUCATION</p>	 <p>5 GENDER EQUALITY</p>	 <p>6 CLEAN WATER AND SANITATION</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p>10 REDUCED INEQUALITIES</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
 <p>13 CLIMATE ACTION</p>	 <p>14 LIFE BELOW WATER</p>	 <p>15 LIFE ON LAND</p>	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	

Long-term responsibility and impact throughout the entire value chain

Axis strives to create the best possible conditions for ensuring that its products and solutions have a positive economic, environmental and social impact, while simultaneously minimizing the negative impact in all parts of the value chain.

Axis suppliers manufacture and assemble the company's products. Configuration of products is done at the configuration and logistics centers (CLCs). Sales occur via distributors. They sell to retailers and system integrators who, in turn, sell to end users. Axis has an indirect business model, which means that the direct responsibility for the impact from manufacturing, sales, distribution and installation primarily lies with suppliers, distributors and partners.

Axis collaborates with its suppliers, distributors and partners to promote change and create value, make a positive impact through sustainability, minimize the negative impact and manage risks. For a description of the sustainability risks and how they are managed, please see pages 55-57.

Axis works together with its suppliers, distributors and partners to ensure that all manufacturing, distribution, installation, management and use of the company's products and solutions occurs responsibly. This is done via supplier audits, training, knowledge-sharing and other information initiatives. Axis also plays a leading role in several industry collaborations. It is a way of lowering the risks and focusing on taking advantage of all opportunities for further innovation and development, global expansion and long-term sustainable growth. Topics that are most important from a sustainability perspective impact the entire value chain, or parts thereof.

Sub-suppliers

Responsible business conduct

Environmental responsibility

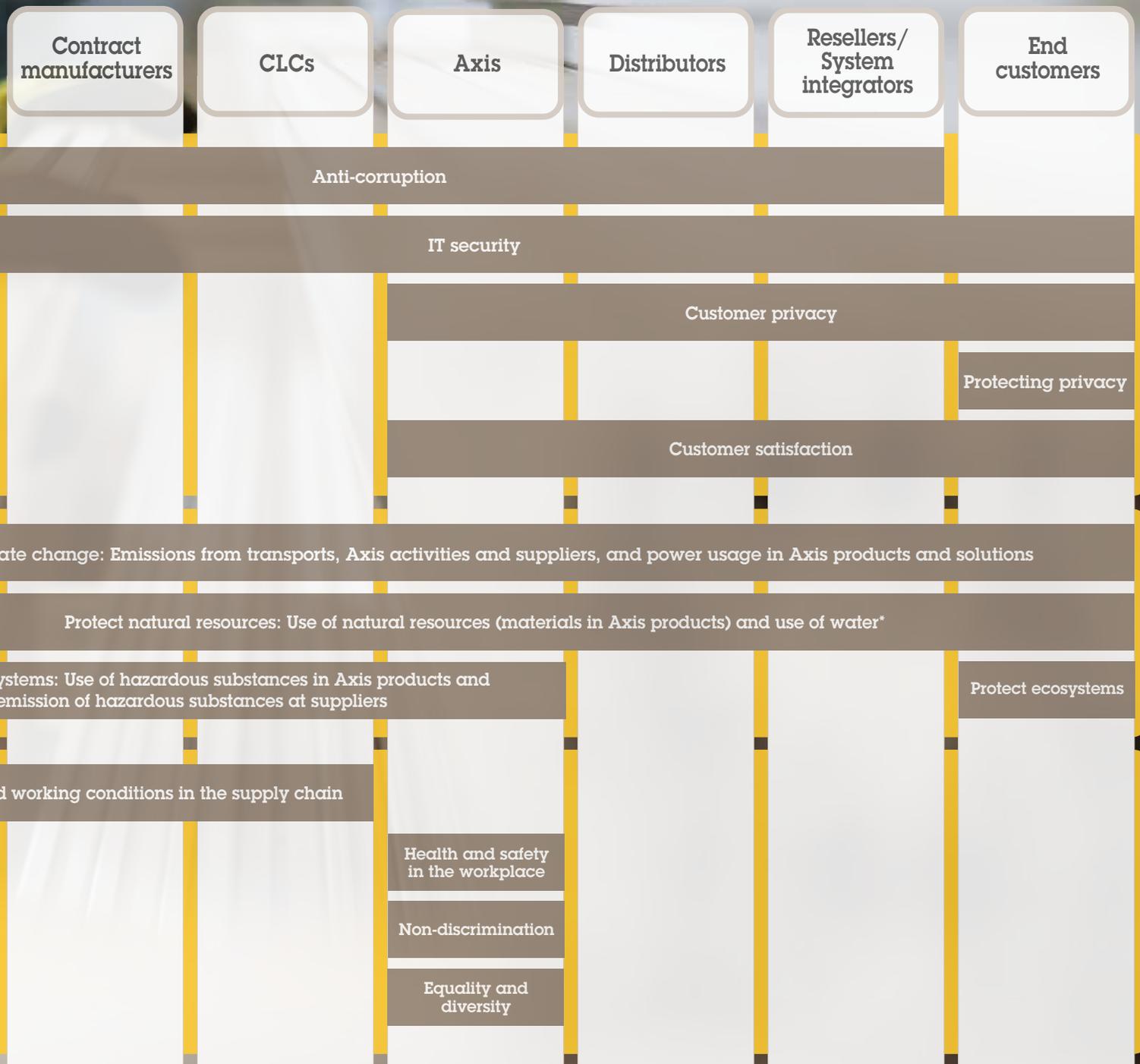
Beat climate

Protect ecosystems

Social responsibility

Human rights and

Impact in the value chain



The illustration shows where impact occurs in the value chain. For more information on the material sustainability topics, please see page 64.

* Only applicable for suppliers and business operations.

Responsible business conduct

Axis shall maintain the very highest ethical standards within its own organization and in its business relations. Close interaction with suppliers, distributors and other partners helps ensure that there is transparency and good business ethics throughout the entire value chain.

All business dealings shall be conducted in a responsible way. Axis applies a structured, focused approach for managing sustainability risks, engaging in dialog and raising awareness of good business ethics. This occurs not only within its own organization, but also with others in the value chain, i.e., suppliers, distributors and other partners.

Axis' success in being regarded as a long-term, trusted partner requires that the company applies an ethical approach. Furthermore, it helps ensure that products are developed, manufactured, distributed, sold and used in a responsible and sustainable way. The company's stakeholders appreciate and value that Axis actively pursues sustainability issues.





Responsible business practices

Employees

All employees, as well as board members, are expected to base their work on ethical business methods. They must also comply with Axis' code of conduct and other policies. Axis has a strong company culture and its values help ensure openness, honesty and transparency.

Whistleblower and inquiry function

Axis has a special email address that employees may use to report any suspected misconduct or breaches of the code of conduct.

Employees can also get support, ask questions about corruption or ethical dilemmas, and share information on how they solved a particular ethical dilemma. During the year no such reports were received, there were only a few questions and they primarily had to do with anti-corruption.

The whistleblower and inquiry function is one of the ways that Axis strives to apply good business practice. Furthermore, it helps the company identify any irregularities, obtain information on behavior that could be in violation of the code of conduct, improves knowledge-sharing and provides continuing education on ethical matters.

A description of the function and how it works has been published on the company's intranet. Information sent to this special email address is distributed to representatives from Human Resources, Legal and group management.

Suppliers, distributors and other partners

All suppliers that manufacture Axis' products, such as contract manufacturers and component suppliers as well as suppliers of software must sign the Axis code of conduct for suppliers, which is based on the Axis code of conduct and the ten principles of the UN Global Compact. It covers a variety of topics, such as a ban on all forms of child and forced labor, requirements on providing decent working conditions, controls on environmental impact and the necessity of counteracting all forms of corruption.

If a supplier references their own code of conduct (rather than signing Axis' code of conduct for suppliers), Axis will then review it to verify that all of the requirements have been met. Axis distributors and partners must comply with all of the applicable anti-corruption legislation and they are expected to act in a sustainable way.

Export restrictions, sanctions and embargoes

Special export restrictions apply to products, which, though intended for civilian use, nevertheless have properties enabling them to be used for non-civilian purposes. In addition to this, there may also be restrictions on trading with certain countries, entities and persons due to sanctions and embargoes. Axis has an adopted Export Compliance Program and complies with applicable rules on special export restrictions, sanctions and embargoes.

New code of conduct

A new code of conduct was developed in 2019, with the aim of clarifying the company's guidelines and ethics. The code of conduct stipulates the principles, values and guidelines that serve as the foundation for running the business. It also explains how employees are expected to act in business-related situations, both internally and externally. It covers rules and guidelines for business ethics, including corruption, equality, diversity, health and safety, working conditions, human rights and the environment.

The company's values and core values are carefully detailed and explained in the code of conduct. The code of conduct is based on the ten principles of the UN Global Compact, the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. All Axis employees, in all markets where Axis does business, as well as the board of directors, are required to comply with the code of conduct. Global implementation will occur during 2020.

All new employees receive information about the code of conduct as part of the introduction program. Such information is also presented and discussed at, for example, kick-offs, workshops and performance appraisals.

Anti-corruption

Axis has zero tolerance for all forms of bribery and other types of corruption. Axis strives to counteract corruption within its own organization, as well as in its dealings with suppliers, distributors and other partners.

Axis works in a structured and systematic way to prevent and counteract bribery and all forms of corruption.

Axis shall serve as a role model for ethical behavior, continually striving to raise the bar even higher. As a leading market player, Axis shall set an example when it comes to transparency and take the lead in counteracting corruption. In all of their business relations, Axis' employees are expected to maintain the very highest ethical standards. Axis' board of directors, along with third parties acting on behalf of Axis such as on-site consultants, must also have zero tolerance for bribery and other types of corruption, such as blackmail and embezzlement.

Given the environment in which Axis' employees do business, it is not possible to rule out that they will encounter corruption within Axis' own organization or in their dealings with suppliers, distributors, partners and customers. Corruption can damage or have a negative impact on both specific individuals (e.g., fines, prison sentences),

the group management and the company itself (e.g., fines, prison sentences, Axis' reputation, brand, long-term growth).

Axis actively strives to identify, report and manage the risks associated with conflicts of interest, bribery and other forms of corruption. This includes increasing the awareness of both employees and third-parties on the risks of corruption and encouraging them to become more involved in efforts to counteract corruption. Axis has an anti-corruption program and a number of governance tools for ensuring compliance.

Anti-corruption policy and training for employees

Axis' anti-corruption policy stipulates that all business relations shall be conducted in a responsible, transparent, consistent and credible way. Furthermore, employees are forbidden to offer, accept or participate in activities involving any form of bribery or corruption. The policy also forbids employees to give contributions to political campaigns.

All charitable donations and sponsoring must be thoroughly documented and in accordance with Axis' policy on sponsoring. The anti-corruption policy helps clarify Axis' standpoint, both internally and externally.

All Axis employees, board members and third parties working on behalf of Axis such as on-site consultants must comply with the policy.

All employees are required to participate in training on anti-corruption. In the end of 2019 and the beginning of 2020, nearly all Axis employees participated in training on anti-corruption and signed a document stating that they comply with the anti-corruption policy.

All new employees have received training on the content and meaning of Axis' anti-corruption policy. They also signed a document stating that they pledge to never accept bribes or participate in any other form of corruption. All employees, along with on-site consultants, participate in training and they renew their pledge (re-sign the document) every other year.



Board members have also signed such documents. A breach of the anti-corruption policy may result in criminal proceedings and/or other disciplinary action.

Suppliers, distributors and partners

All Axis suppliers that manufacture Axis products are required to comply with the Axis code of conduct for suppliers, which means adherence to Axis' anti-corruption policy.

The distributor agreement stipulates that distributors must comply with the applicable anti-corruption legislation. Essentially all Axis distributors have signed that agreement. In order to continue collaboration, distributors are required to have signed the agreement. Other partners are also expected to comply with the applicable anti-corruption legislation, which is stated in the agreement for the company's Application Development and Technology Partners. Compliance is required in order to continue collaboration. No contracts have been terminated due to corruption, neither in 2019 or before.

Education and information

Axis provides information and training to its suppliers, along with carrying out audits to ensure compliance. Axis also provides both training and information to its distributors and other partners.

Training for distributors, partners and end customers includes information about anti-corruption. Axis also informs partners at partner conferences, via webinars and in newsletters in order to increase their knowledge of anti-corruption issues and Axis requirements.

Doing so helps Axis manage the risks, and to the extent possible, ensure that its distributors and other partners behave ethically.

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 sign documents stating that they comply with Axis' anti-corruption policy. They must also every other year participate in training on such matters.

In the end of 2019 and the beginning of 2020, nearly all Axis employees participated in training on anti-corruption and signed a document stating that they comply with the anti-corruption policy.

New employees, upon joining the company, participated in training and signed the document acknowledging their pledge to comply with the policy.

No incidents of bribery or other forms of corruption were reported during the year. Neither in 2018 or 2017 did any known incidents of corruption arise.



IT security and protection of customer privacy

Axis prioritizes the IT security of its products and solutions, which is essential for maximum reliability, accessibility and confidentiality of information. It is also a key aspect of being a reliable business partner. IT security and protecting the privacy of Axis partners and end customers goes hand-in-hand.

Axis prioritizes protection of its customers' privacy very highly. Axis strives to have a high level of IT security in its products and protect customer privacy at all stages, from design and product development, to manufacturing, installation and use of the company's products, solutions and services.

For Axis, being a reliable and credible business partner involves taking an overall approach and being clear, transparent and inclusive in our security pursuits. Axis is a leading market player in network video and likewise, strives to be a leader at instilling confidence as well.

Axis also applies best practice as a means of minimizing its customers' risks. The company collaborates with partners and it also states requirements on the security efforts of its suppliers. All of it is aimed at ensuring that there is a high level of IT security throughout the value chain.

Having the best possible IT security in its products and solutions is of utmost importance to protecting customer privacy.

Business continuity

Having a high level of IT security and extensive protection systems in place for, not only the company's products and solutions, but also its own business-critical systems and processes, is essential for many reasons. It helps ensure reliability and confidentiality, maximum access to information and business continuity. This applies to Axis' own operations, along with those of its customers and partners.

An important component of Axis' offering is the high level of IT security existing in the products and services that protect both customer devices and information. It also gives Axis a competitive advantage and is essential to the company's long-term success, competitiveness and reputation. Protecting users' information and privacy is also part of Axis' responsibility as a member of society. Please read more on page 30.

IT security

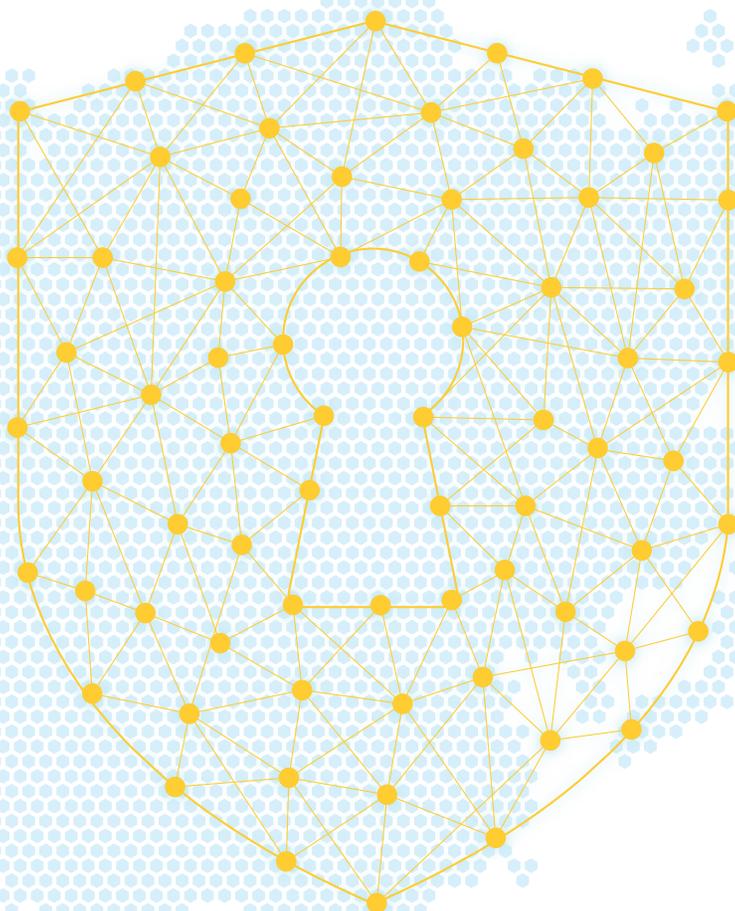
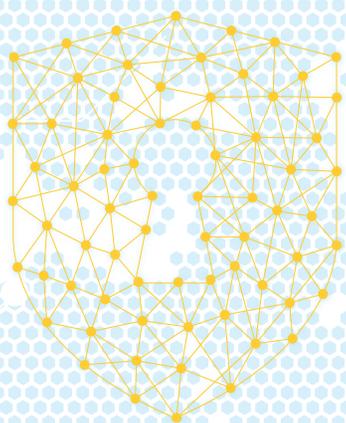
IT security is becoming increasingly important in sync with the digital transformation of society, where more and more devices are becoming connected for the purpose of collecting and transferring information via internet.

“IT security and data privacy are very important to Securitas. Axis has the same high priority to these issues as we have, which is a prerequisite in our supplier selection.”

Cecilia Alenius, Securitas,
Group Sustainability Officer

This phenomenon, however, involves greater vulnerability and security risks. It also puts greater requirements on protection of IT systems, processes, products, solutions and the information generated by them.

IT security has also become increasingly integrated and adapted to a company's particular type of operations and needs in order to meet specific requirements.



Axis works proactively and systematically with IT security, in accordance with a focused strategy and structured method for protecting products and solutions from intrusion and damage. Any issues having to do with IT security are taken very seriously. If deficiencies are discovered, they are dealt with promptly and transparently.

Products and solutions

Axis customers have high requirements on IT security and protection of information, and the quality of Axis products is very high. The company always rapidly responds to incidents regarding the security of its various applications, products, solutions and systems.

Axis helps its customers minimize the risks that could arise when using the company's products and solutions. However, if a critical vulnerability were to be discovered, Axis has a detailed, extensive security process for minimizing the vulnerabilities in hardware, software and the information that is generated.

Any critical vulnerabilities discovered in the company's products are taken very seriously and managed in accordance with the Axis vulnerability guidelines.

Axis always strives to be transparent and minimize the risks via stringent security and vulnerability management, along with training and collaboration.

Security management

Axis products enable a number of security controls that helps reduce customers' risks and tools to help manage these controls in a cost-effective manner throughout the system lifecycle. There is also an ongoing dialog with end customers aimed at increasing protection against threats and risks that exist in the environments where the products and solutions are installed and used. Axis products are designed to offer protection through their useful lifetime.

Vulnerability management

Axis strives to minimize critical weaknesses at all stages of the process (e.g., design, implementation, testing, validation, etc.).

If, however, a vulnerability is discovered or an incident occurs, Axis has thorough and precise systems and processes in place for remedying the problem as quickly as possible.

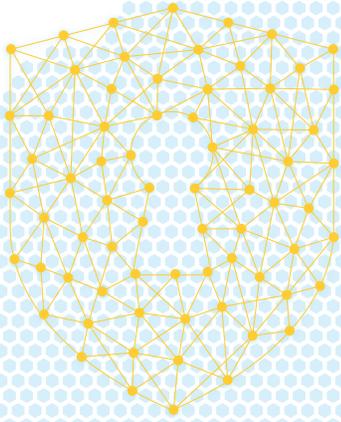
During the year, Axis implemented a security advisory notification system as part of its vulnerability management process. It provides notification via email if a critical vulnerability is discovered in any Axis products or solutions, along with instructions and advice on what action to take.

The system also provides notification of potential risks, along with new tools or services that can be used to lower the risks.

Collaboration and knowledge-sharing

Axis makes risk assessments and identifies threats based on collaboration and knowledge-sharing with its partners. Doing so helps minimize the risks. Axis informs, trains and shares knowledge with its distributors and partners about the types of protection that most effectively reduce the risks. In addition, Axis audits the IT security of its software suppliers and assesses their cyber maturity level.

Axis has an ongoing dialog with end-customers as well, aimed at preventing and counteracting security violations. Knowledge-sharing and training occur via such forums as online training, webinars and workshops.



Axis also provides information in the form of guides, tests and articles. If any critical deficiencies are discovered in products, Axis will publish that information on its website and provide its customers with both guidance and support.

Protecting the privacy of Axis customers

Every person is entitled to access and transparency about their shared personal data, along with guarantees that the information is protected.

Security systems for protecting customer information has the absolute highest priority at Axis. For both Axis and its partners, respecting and protecting customer information and privacy must always be a top priority. Success in this area requires use of the latest technology. Furthermore, the information must also, at all times and in all ways, be managed and stored both securely and ethically. Axis works proactively and preventively to protect information and counteract all types of vulnerabilities. Interfacing software and hardware must be robust and maintain a high level of security.

Evaluation, legal requirements and training

Axis conducts checks and evaluations of its suppliers to ensure that they have policies and processes for targeted components, technologies and software used in Axis products, to minimize risks when products later are installed, used and maintained in video surveillance systems. Axis also provides its partners with guidance and offers training in the form of seminars and workshops, for example. The company also provides specific training for its installation engineers to ensure that the installation of video surveillance systems is done in the safest and most secure way possible.

Axis regularly arranges partner meetings, where issues having to do with customer privacy and IT security in the company's products and solutions are discussed.

ISO 27001 and GDPR

Axis became certified during the year in accordance with the ISO 27001:2013 information security standard. It is a framework of policies and procedures on protection as well as management of systems and infrastructure, together with safe storage of data.

Axis has processes, systems and solutions in place to ensure that the company meets all requirements on how personal data must be managed. It also complies with all other applicable laws and regulations, such as GDPR (The General Data Protection Regulation).

Axis has informed its partners and customers about GDPR. Furthermore, the company's employees have received GDPR Awareness Training to ensure that they fully understand and comply with this regulation. Information security awareness training, including GDPR, is also part of the onboarding process for all new employees.

Goals and target fulfillment

Customer privacy

Axis shall handle customer privacy in a correct and secure manner. Incidents are dealt with immediately by the company and are taken extremely seriously.

In 2019, a critical vulnerability was discovered by external security researchers. Axis has stringent routines in place, and action was promptly taken. Product firmware was patched and communicated to other industry actors, partners and end customers, and the problem was remedied. Axis also did a self-disclosure announcing a vulnerability in a product, and the problem was remedied.

In 2018, Axis received information that a flaw was discovered in a commonly used open-source component that is used by many vendors, including Axis. This was also quickly remedied. In 2017, there was a product-related incident that was immediately remedied.



Increasing school security with industry collaboration

Many schools around the world have increased their level of security. Partner Alliance for Safer Schools (PASS) is an American organization that offers school administrators, school boards, as well as public safety and security professionals training and advice to increase the level of security and safety at schools.

"It is becoming increasingly common for there to be several layers of physical security at schools in the USA," says James Marcella, Steering Committee Director at PASS. He is also Director, Industry Associations, North America at Axis and Chair of SIA's (Security Industry Association) Education Committee.

PASS assists with creating and defining policies, processes, guidelines and training material on how schools can work with protection and security.

"Each school is unique, so it is important that they make their own risk assessments," says James Marcella.

PASS brings together expertise from the education, public safety and industry communities to develop and support a coordinated approach to making effective use of proven security practices at schools and informed decisions on security investments.

PASS works in close collaboration with other organizations, such as the Security Industry Association (SIA) and Safe and Sound Schools, which is dedicated to improving security at schools. Safe and Sound Schools is a non-profit school safety resource center that provides tools and services, including crisis prevention, response and recovery. The assistance and training it provides is aimed at ensuring that students and teachers have the safest possible learning environment.



"Each school is unique, so it is important that they make their own risk assessments."

James Marcella, Steering Committee Director, PASS



Protecting privacy

Axis' innovative products and solutions contribute to a higher level of safety and security in society. They also contribute to the creation of smart, intelligent solutions that benefit individuals, government authorities, companies and other types of organizations. In order to protect personal privacy and respect human rights, it is essential, however, that the company's products and services are always used ethically and correctly.

Intelligent surveillance solutions help improve public services and infrastructures, as well as traffic safety, traffic flow and alerts of emergency situations. For example, network cameras in rescue vehicles (e.g., ambulances, fire trucks) help ensure quicker, more efficient response, care and rescue operations. Network video and intelligent analysis generate new business opportunities for companies. They can facilitate a better customer experience and customer service, along with higher cost-effectiveness and profitability.

Axis' innovations help make the world safer and smarter by satisfying society's needs for safety and security, without sacrificing personal privacy. For example, facial recognition applications are becoming more prevalent in the industry, for such things as access control and focus settings in cameras.

Innovation and use of technology must always occur ethically and correctly. If its surveillance cameras are used in a way that violates personal

privacy or human rights, it could have a negative impact on Axis and its stakeholders. Axis is extremely careful about protecting and respecting both customer information and personal privacy. It actively strives to prevent the misuse of its products and solutions in order to avoid any infringement of privacy or human rights. Please read more about Axis' efforts to protect customer privacy on pages 26–28.

Privacy issues are very important to Axis. The company has clearly defined its values and all of its efforts are based on transparency and instilling confidence in its employees, partners and end customers.

Collaboration with partners

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.

Axis uses an indirect sales model that relies on distributors and partners for selling the company's products and solutions to end customers. As such, Axis is not always aware of how end customers use the products and solutions. It means that Axis' insight into, and ability to prevent, improper use of its product and solutions is limited. However, Axis is very careful in choosing its partners and establishing long-term collaboration with them.

Smart functions

Axis develops functions for making data anonymous and protecting personal data, which thus helps protect privacy when the products are used.

For example, there are software solutions for ensuring that cameras only record what is necessary. It is also possible to put time restrictions on recordings and there is technology for masking and making faces anonymous, which helps protect an individual's privacy.

Camera surveillance for higher safety and security



Camera surveillance can be used to both prevent and solve crimes. Many studies have shown that society perceives such solutions positively. One such study was carried out in the neighborhood of Seved/Södra Sofielund in Malmö, Sweden, where residents were asked about how they perceived security both before and after camera surveillance was set up in the area¹.

In Seved/Södra Sofielund, open drug dealing has occurred. It is one of the first initiatives in Sweden where police have been granted a permit by the County Administrative Board to use active camera surveillance in a residential area, around the clock, every day of the week.

The results show that both residents and shopkeepers felt more secure and that camera surveillance may have improve the work environment for police in the area. The study also indicates that police intervention has become more accurate, that they have been able to carry out their work more effectively and that the camera images can help in solving crimes. It was also noted that "camera surveillance very likely helped deter drug dealing in the area".

A survey conducted by KANTOR SIFO on behalf of LUSAX Security Informatics at Lund University School of Economics and Management shows that there is broad support among the general public for camera surveillance, even in care institutions and residential areas. Nearly 9 out of 10 (88 percent) of the interviewees were positive to the use of surveillance cameras in public places². The survey also revealed that the perceived benefits of cameras outweighed concerns about being captured on video in various types of environments.

Another research overview of seven studies showed that surveillance with security cameras resulted in crime reductions ranging from 24 to 28 percent in public streets and urban subway stations³.

¹ A study published in 2019 (in Swedish) by researchers at Malmö University (Kronkvist, Nordqvist and Ivert) on camera surveillance in a high-risk area: perceptions of, experience and the effects of using police surveillance cameras to reduce crime and increase security.

² Lahtinen, M., Opinion poll: The Swedish general public's attitudes towards the use of surveillance cameras (CCTV) in public spaces, December 2019. LUSAX Security Informatics at Lund University School of Economics and Management.

³ Alexandrie, Gustav (2017) Surveillance cameras and crime: a review of randomized and natural experiments. *Journal of Scandinavian in Criminology and Crime Prevention*.

Information and training

Axis maintains an ongoing dialog with distributors, partners, end customers and trade associations on the importance of protecting information and privacy when video surveillance solutions are used, along with the intended purpose of Axis' innovative technology, products and solutions.

Axis shares knowledge and provides both training and information to ensure, to the extent possible, that its network cameras and solutions are properly installed and used, along with proper protection and storage of video footage. Training on values and ethics is offered to system integrators as well.

During the year, Axis designed workshops on business ethics that will be held for all employees. Personal privacy is also a continuous topic of discussion within the company via different forums.

Goals and target fulfillment

Protecting privacy

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 personal privacy.

All employees, distributors and partners are informed of Axis' standpoint and they must always strive to use the company's products and solutions responsibly.

During the year, informational and training initiatives were carried out for a large number of distributors and partners.

Training, in the form of workshops on ethics, has been initiated for all employees. There is continuous dialog and dissemination of information on these topics.



Customer satisfaction

Axis strives to continually develop and improve its offering and support so that customers remain loyal and satisfied. Sustainability is becoming an increasingly important parameter for improving customer value.

Axis has established long-term, close relationships with its distributors and partners and it has a global network of approximately 90,000 partners in 179 countries. Axis maintains a continual dialog with its distributors and partners, always with the goal of being attentive, responsive and able to provide sustainable, innovative products and solutions that exceed their expectations and meet their needs.

Axis products and solutions should help customers become more sustainable, improve and raise the efficiency of their operations and conduct smarter business. In collaboration with both customers and partners, Axis helps make people's lives simpler and safer.

These strong, long-term ties with customers are a key success factor for Axis and satisfied customers are a prerequisite for Axis long-term growth and profitability.

Sustainability matters to customers

Interest in sustainability issues is increasing. For example, customers are interested in network cameras that are PVC-free and low in energy consumption. Customers also want to see that there are programs in place for recycling products at the end of their useful life.

Axis has responded to this by offering a wider range of network cameras that are PVC-free. The company is also developing products designed to consume less energy. Please read more on pages 34–35 and 38–41.

Social and ethical issues are becoming an increasingly important topic in discussions with distributors, partners and end customers. Axis distributes information and provides training on sustainability issues within the scope of Axis Communications Academy, as well as in meetings, seminars and newsletters.

The company also regularly conducts customer satisfaction surveys with the aim of further improving its customer relations and delivering high-quality products and solutions.

Loyal, satisfied customers

A global satisfaction survey was carried out during the year across 56 countries, and approximately 5,000 distributors and partners responded. The overall Customer Satisfaction Index (CSI) was 77 (max 100), which indicates that the majority of Axis' partners are very satisfied. In such surveys, a CSI of 75 or higher indicates that the company is regarded as a leading market player.

The results from these surveys are used to improve customer satisfaction and loyalty. Customer satisfaction surveys gauge the performance of Axis' business. They also demonstrate the company's commitment to listening to its customers and measuring progress by following up on the results of prior years.

The survey results are evaluated and communicated to the Axis regional offices as well as local departments within the organization so that improvements can be implemented. This year's survey showed that Axis consistently continues to be regarded as a top leading brand, trustful and easy to deal with.

Scores were particularly high in the following areas: high quality/reliability of products and solutions, professionalism, high level expertise and customer-oriented staff for service and support. The survey also revealed that partners appreciate Axis' products and solutions not only because they solve customer challenges, but also because they are easy to install and maintain. Scores for the training that Axis provides were also high. Many partners particularly value that Axis keeps innovating.

This is also the first survey where sustainability of products and solutions was measured as one of the factors that impacts how satisfied Axis' partners are with the company's products and solutions.

Annual surveys and continual feedback

Each year, Axis performs several surveys on customer satisfaction. The Annual Order Department Survey reaches out to distributors and Axis' internal departments. The Annual Technical Support Survey addresses anyone who has had a support case and has used Axis' support, i.e., end customers, private individuals, partners and distributors alike.

All feedback in the surveys is considered and appropriate action is taken.

Axis analyzes the data aggregated to look for: Where does the company perform well? What does Axis need to improve?

Furthermore, Axis, among other things, obtains qualitative information via direct interviews with its end customers in different areas. The aim is to identify ways to improve and further maintain high levels of satisfaction.

About the global satisfaction survey

The survey was conducted during the period April–May 2019 and approximately 5,000 distributors and partners responded. Participants included partners in the sales channels of various sizes serving Axis' different markets.

Global survey 2019



** Net Promoter Score (NPS) is a method for measuring customer loyalty. It is calculated as follows: $NPS = \% Promoters - \% Detractors$. The index ranges from -100 to +100, which means that anything over 0 is positive and an NPS of 50 or more is considered exceptional. Note: The design of the survey has been changed, which means that the results are not fully comparable with the prior survey conducted in 2017.*

Environmental responsibility

Axis strives to minimize the environmental impact of its own operations, as well as that of its products and solutions. The majority of Axis' environmental impact is indirect, and it occurs through manufacturing and transports, along with energy consumption when the company's products and solutions are used. Axis thus strives for improvements along the entire value chain and throughout the entire life cycle of its products and solutions.

Long-term environmental responsibility

Axis shall be perceived as a leader in the industry by both new and future customers, employees, partners and other stakeholders in regards to the company's contribution to environmentally sustainable development. Axis works together with suppliers, distributors and other partners to minimize the direct and indirect environmental impact. Axis has implemented systematic procedures for product development, selection and origin of materials, components and packaging to ensure that they meet the requirements on quality and functionality.

Axis strives to use recycled material, reduce the number of product parts, select low-weight components, minimize material waste, optimize packaging, improve energy consumption and efficiency in the company's operations and products, streamline logistics flows and, to the extent possible, choose environmentally friendly transports.

New long-term environmental goals were established during the year for the company's focus areas: *Beat climate change*, *Protect natural resources* and *Protect ecosystems*. The new environmental goals will be fully implemented by the organization during 2020.





Green Key opens doors for better household recycling

Green Key gives residents better access to recycling centers, even when they are not staffed.

The solution increases safety and security, while providing municipalities with a scalable system that can be supplemented with other features and provide even better service to residents. Better accessibility to, and extended opening hours at, recycling centers helps discourage residents from dumping waste elsewhere. It also lowers the environmental impact from their traveling to a recycling center in another city (when the one closest to them is closed) or, quite simply, not bothering to recycle at all. The Green Key solution consists of two parts: an access control system from Omnicom and a surveillance system with Axis network cameras. Network cameras make it possible see whether or not visitors are dumping allowed items into each container. Furthermore, there has been less burglary, theft and littering at recycling centers. The solution also lowers the staff costs.

Beat climate change

Beating climate change is a priority for Axis and an important part of its environmental strategy. Axis strives to lower its carbon footprint and counteract climate change throughout the entire value chain.

Power usage in Axis products and solutions

The energy consumption of a camera accounts for a significant part of its total environmental impact. Life cycle analyses conducted by Axis show that between 60 and 80 percent of the total environmental impact of network cameras is associated with the energy consumption of end users.

During the year, Axis continued its efforts to generate solutions for lowering energy consumption during the product usage stage. A plan has been drawn up for activities that will be carried out during 2020. Within the scope of R&D, for example, the product development phase will involve more focus on how to lower energy consumption when products are used.

Axis has continued to develop technologies for lowering energy consumption during the product usage phase, which enables cameras to reproduce sharp color images even when it is dark. Doing so eliminates the need for external lighting.

Goals and target fulfillment

Power usage in Axis products and solutions

Implementation of 3-5 projects each year until 2023 to improve the energy efficiency of products or solutions, with the aim of reducing CO₂ emissions.

The Extended Video Products, Base Video Products and Core Tech departments have specified several activities for lowering energy consumption that will be implemented in a project that will get underway during 2020.



Transports

Axis is striving to make its logistics chain more efficient and uses carbon offsets to a greater extent for its air freight.

Climate impact from transports fell in 2019 compared to the base year 2016. In total, the carbon emissions from transports fell by 8.9 percent to 3.71 kg CO₂ per sold unit. Lower CO₂ emissions from transports per sold unit are a result of several of the initiatives that Axis has implemented. For example, Axis has a new components strategy whereby it now keeps more components in its own inventory. Doing so has resulted in higher delivery precision. Availability of components for the company's products has also improved. Another consequence of this is a significant reduction in courier freight by air in 2019. A larger proportion of sea and land transport has been used instead of air transport.

Manufacturing and configuration of the products at various configuration and logistics centers (CLCs) should occur as close to each market as possible in order to ensure good flexibility as well as short transport and lead times from contract manufacturers to the company's CLCs and then along to distributors.

Another factor that has helped lower CO₂ emissions per sold unit was getting the Axis CLC in Thailand up and running. It is used for products that are manufactured for the Asian market. Yet another CLC was opened in the American market during the year as well. And, an increasing number of products sold to South America are being transported primarily from USA, instead of from the CLCs in Europe. This has helped lower the CO₂ emissions from transports in America.

More carbon offsets

As of 2019, Axis uses carbon offsets for all of its air freight from suppliers in Asia to the various CLCs (except for the one in Thailand), since these are the routes where more transports occur when there are component shortages. It means that Axis uses carbon offsets for around 15 percent of the total amount of CO₂ emissions from its air freight, as well as all courier freight. Carbon offsetting occurs in accordance with the CarbonNeutral Protocol. The use of carbon offsets to counteract CO₂ emissions is primarily in the form of projects that help communities build their infrastructures.

Emissions from transports, Axis activities and suppliers

Carbon footprint

Many activities associated with the company's operations result in carbon dioxide emissions and Axis is striving to reduce its carbon footprint. Ways of doing this include developing products and packages with the lowest possible weight and volume, which helps make transports more efficient and lower their emissions. Axis also stipulates clear requirements on the company's suppliers so that they will lower their own CO₂ emissions as well.

Through annual monitoring and reporting of the company's CO₂ emissions, Axis is able to gain insight into the processes that generate the highest emissions. It also helps Axis understand what to focus on in order to lower its climate impact. The 2019 Carbon Footprint report focuses on emissions related to transports, energy consumption of premises, leased vehicles, business travel and paper consumption. The report also includes emissions from all inbound transports (i.e., transports from contract manufacturers to the CLCs), along with emissions from all outbound transports (i.e., transports from the CLCs to distributors).

Lower CO₂ emissions

Axis lowered its CO₂ emissions during the year from 36,704 to 35,014 tons CO₂e*, which is a decrease of approximately 5 percent compared to 2018, despite a growth of around 15 percent. The company had good growth, with both higher sales and a higher number of employees. The decrease is primarily attributable to more efficient solutions regarding inbound transports, see Transports. Emissions from business travels at Axis headquarters have decreased.

Emissions caused by deliveries from third parties account for 71 percent of the total CO₂e emissions. Emissions associated with employees, which are caused by energy consumption at premises, paper consumption, leased vehicles, business travel and similar, increased by 7 percent. Please read more on page 67. Emissions associated with sales fell from 3.6 tons CO₂e to 3 tons CO₂e per SEK 100 million (see diagram).

Energy consumption of premises

The total global energy consumption from premises has slightly increased. The reason for this is that the number of employees have grown. The energy consumption of own premises accounts for approximately 11 percent of all emissions. In terms of energy intensity, the energy consumption per employee has fallen, thanks to Axis' energy-saving initiatives. Globally, energy consumption per full time employee, excluding logistics centers, 2N and Citilog, decreased from 2.7 to 2.5 MWh per full time employee in 2019.

At the headquarters in Lund, where 56 percent of all employees have their workplace, energy consumption fell from 2.3 to 2.2 MWh per employee, which corresponds to a decrease of 5 percent. It also results from higher awareness among employees.

Sustainable travel

The company's travel policy for employees was updated during the year in order to clarify the requirements for sustainable travel. Emissions from business travel per employee at HQ fell during the year from 0.8 ton CO₂e to 0.7 ton CO₂e. Axis uses carbon offsets for all of its business trips by air and for 2019, it amounted to 4,567 tons CO₂e. Please read more about how Axis uses carbon offsets on page 38.

Green lease

Axis has a green lease with one of its property owners for the headquarters in Lund. It means that Axis and the property owner work together to reduce the environmental impact of the premises and property. For example, most of the coolers and freezers have been replaced with low-energy ones. Also, the existing fluorescent lamps are constantly being replaced with LED lighting.

Training

The environmental function trained employees at Axis headquarters in Lund and its sales office in Boston.

* 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.

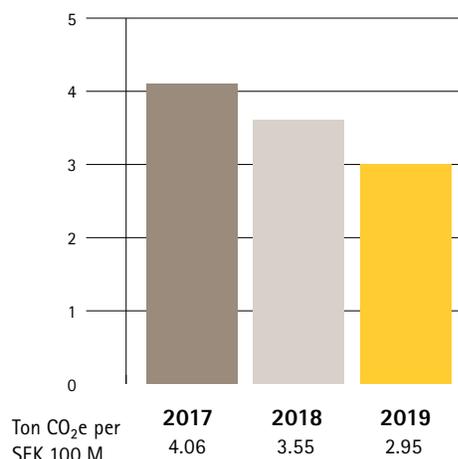
Customer story

Radar technology pinpoints illegal dumping

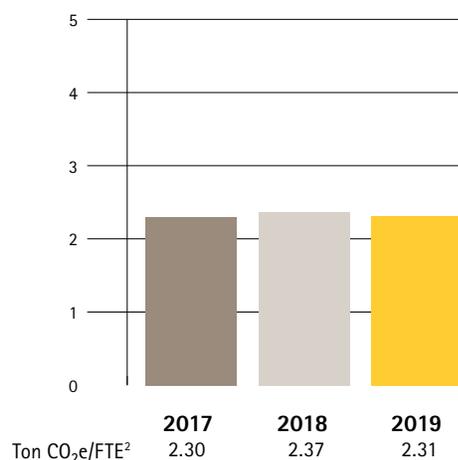
The city of New Orleans in the USA launches a clean-up initiative using Axis network radar detectors and network cameras to curtail illegal dumping.

In New Orleans, the clean-up challenge is compounded by hundreds of thousands of visitors pouring into the city each year. Although the Sanitation Department was sweeping up after countless parades and festivals, as well as its ordinary residential and commercial waste management activities, they could do little to curtail illegal dumping. To address the problem, the mayor launched a comprehensive and coordinated clean-up initiative to make New Orleans shine. The Sanitation Department installed Axis cameras at locations they had identified as chronic illegal dumping sites. Several of the cameras are integrated with Network Radar Detectors that direct the cameras to automatically track the vehicle or person responsible for triggering an alert. When the cameras aren't recording a sanitation crime, they operate as ordinary public safety cameras (together with more than 400 other city-owned public safety cameras).

Ton CO₂e per sales

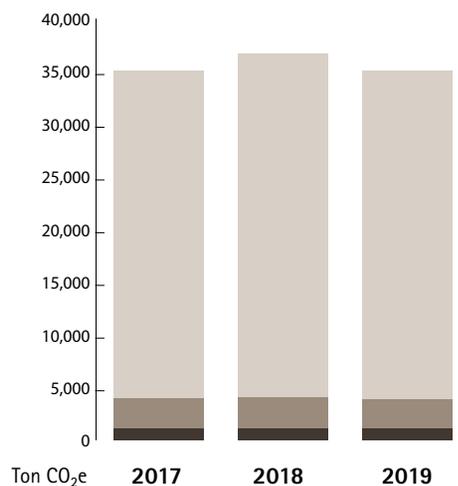


Ton CO₂e per employee¹



¹ Inbound and outbound transports are excluded.
² FTE (Full-Time Equivalents) also include employees at Axis CLCs.

Ton CO₂e per scope



Scope 1 Scope 1 includes Axis' direct emissions.
Scope 2 Scope 2 includes indirect emissions such as energy consumption.
Scope 3 Scope 3 includes indirect emissions due to sourcing of goods or services, transports from suppliers, and business trips.

Goals and target fulfillment

Emissions

Reducing CO₂ emissions from operations by 20 percent per sold unit from 2016 to 2021, measured as kg CO₂ per sold unit.

In 2019, CO₂ emissions from operations* per sold unit decreased by 6.6 percent comparing to 2016.

Reducing CO₂ emissions from transports by 20 percent per sold unit from 2016 to 2021, measured as kg CO₂ per sold unit.

In 2019, CO₂ emissions from transports fell by 8.9 percent, measured as kg CO₂ per sold unit, compared to 2016.

Reducing CO₂e emissions from business travel (Sweden) per employee by 8 percent from 2018 to 2021.

In 2019, CO₂e emissions from business travel per employee (Sweden) have decreased by 13 percent, from 0.8 ton CO₂e to 0.7 ton CO₂e.

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) decreased by 5 percent compared to 2018.

Emission suppliers' processes

A new long-term goal is to have 100 percent fossil-free energy in manufacturing and logistics centers by 2030 and 50 percent fossil-free energy in manufacturing and logistics centers by 2024.



*Operations run by Axis, excluding 2N, Citilog, and CLCs that are not owned by Axis, have their own emission targets.

Carbon offsets for business trips

Axis uses carbon offsets for all business trips by air. In 2019, Axis offset 4,567 tons CO₂ equivalents from business trips in the projects CommuniTree in Nicaragua and Trees for Global Benefits in Uganda. These projects are certified according to Plan Vivo.



CommuniTree Nicaragua

In this project, different species of native trees are being planted, using varying methods of cultivation, in order to build a resilient ecosystem in northern Nicaragua. The carbon offset corresponds to approximately 8,800 planted trees covering 6 hectares of reforested land. Local farmers receive money for planting and taking care of the trees. The trees offer protection during extreme weather conditions as they capture water and prevent landslides. They also provide shade for animals, crops and for the families that live in the area. Since 2010, more than 120 unique species have been planted.



Trees for Global Benefits Uganda

Forestry that has been developed at the local level is providing families in western Uganda with timber, fuel, fruit and vegetables. The carbon offset corresponds to approximately 3,600 planted trees covering 9 hectares of reforested land. Since 2003, more than 1 million tons of carbon sequestration has been documented through improved agricultural techniques, expanded forest areas and reduced deforestation. The project also includes training in HIV, AIDS, entrepreneurship and global warming.



Protect natural resources

Axis is striving to achieve a responsible use of natural resources throughout the entire value chain.

Sustainable packaging

During the year, Axis developed a new strategy for its packaging, aimed at clarifying and structuring its working method for developing innovative, sustainable packaging solutions. This includes, for example, requirements that packaging may not contain any substances that could have adverse health effects, such as PVC, or brominated and chlorinated flame retardants (BFR and CFR). The packaging must also meet the standards of the Forest Stewardship Council, Sustainable Forestry Initiative and/or Gröna Punkten.

Furthermore, it must be easy to reuse/recycle the packaging and suppliers are selected based on their ability to meet the Axis requirements. The goal is to base the development of all packaging for the company's products on these requirements.

Use of natural resources (materials in Axis products)

Recycled material

Use of recycled material helps conserve natural resources and lower the environmental impact. Axis is making a continual effort to phase in new, recycled material to its material library, which provides the opportunity to increase the percentage of recycled materials in its products to a greater extent.

Axis has continued to develop products with recycled plastic. In 2019, Axis released several models where up to 20 percent of the plastic is recycled. For more information on how Axis is working to increase resource efficiency and protect natural resources during manufacturing of the company's products, please see page 42.

Use of water

Axis has identified water usage as an important issue to both Axis and its suppliers. Use of water is highest at Axis' supplier locations and it occurs during the productions stage. In many countries, water is a scarce resource and Axis has assessed that this a problem that will become even more serious over time.

Axis is striving to both lower and optimize water usage in its own operations and that of its suppliers. Axis uses tap water at its offices and at the product test laboratory. Initiatives to conserve water were implemented at Axis headquarters during the year, which has included replacing older dishwashers with newer models that use less water and are more energy efficient.

During 2020, Axis will survey and document water usage in the value chain, which includes the company's own operations and those of Axis' suppliers. The most water intensive processes in the production stage at the suppliers will be studied so that action plans can be formulated, and targets set, for water usage.

Goals and target fulfillment

Use of natural resources

Increase use of recycled/biobased materials

A new long-term goal, established in 2019, is that 20 percent of all plastic consumption in Axis products will be recycled/biobased by 2024.



Use of water

Minimize water usage.

Axis will be surveying and documenting water usage and setting targets for that in 2020.





Protect ecosystems

Axis wants to protect ecosystems and it is constantly striving to eliminate the use of hazardous substances in the company's products which could harm ecosystems.



Materials and lowering the use of hazardous substances in Axis products

Axis products contain different materials such as aluminum, zinc, steel, stainless steel, polycarbonate/acrylonitrile-butadiene styrene, polycarbonate, polyamide, polymethylmethacrylate, polyurethane, silicone, thermoplastic elastomer and rubber. Materials must meet both quality and functional requirements, while minimizing the environmental impact. This includes ensuring that only conflict-free minerals are used and that products do not contain any substances that are harmful to human health or the environment, along with phasing out hazardous materials. For more information on how Axis is working to lower both use and emissions of hazardous substances by suppliers, please see pages 42-44.

Materials that are free from brominated and chlorinated flame retardants (BFR and CFR)

During the year, Axis developed the first cameras that are BFR/CFR-free. They belong to AXIS P13 Network Camera Series, AXIS P1377 and AXIS P1378 Network Cameras. Axis has thus taken an important step in setting an industry standard when it comes to sustainability and green design.

Phaseout of PVC

PVC can emit toxic substances and it is harmful to both human health and the environment. It is also difficult to recycle. PVC exists, for example, in the outdoor cables for Axis cameras. Axis is striving to phase out PVC from its products and its efforts to do so have been successful. In total, approximately 80 percent of Axis network cameras and encoders are PVC-free.

Goals and target fulfillment

Hazardous substances

Minimize use of hazardous substances in Axis products.

All Axis network cameras shall be BFR/CFR-free by 2024.

All PCBA (Printed Circuit Board Assemblies) in Axis network cameras shall be BFR/CFR-free by 2022.

All Axis indoor network cameras launched shall be BFR/CFR-free by 2022.

Target fulfillment

In 2019, Axis developed the first cameras that are BFR/CFR-free.



Responsible and innovative supply chain

Axis suppliers shall take social, environmental and ethical responsibility, along with counteracting corruption in their organizations to ensure that Axis products are manufactured in a sustainable, innovative and effective way. Axis conducts regular audits of suppliers to ensure that they meet Axis requirements and expectations.

All suppliers are expected to sign Axis' supplier code of conduct, comply with Axis requirements, take social and environmental responsibility for their operations and counteract corruption.

Responsible manufacturing

Axis establishes long-term relationships with its suppliers. Axis customers also have requirements on how the company works with its suppliers. Customers want assurance that Axis has controls in place to ensure that its suppliers work with social, ethical and environmental issues. They also want to know that manufacturing is done in a responsible way.

Additionally, it is important that no Axis products contain conflict minerals. Please read more about Axis' efforts to ensure that it only uses conflict-free minerals on page 45.

In total, Axis has 247 suppliers. Of that number, six are contract manufacturers located in China, Mexico, Thailand, Japan and two are located in Poland. From a sustainability perspective, 118 are critical suppliers and of that number, 11 are located in Europe, 1 in the USA and 106 in Asia. During the year, Axis began collaborating with 23 new suppliers*.

Axis suppliers are carefully selected for the purpose of manufacturing and assembling the company's products. Contract manufacturers are engaged for printed circuit boards and assembly. Axis also has strategically selected component suppliers for such things as die casting and molding of chassis and parts, manufacturing camera lenses and electronic components. Configuration of products is done at the configuration and logistics centers (CLCs).

Impact and risks

Environmental impact in the supply chain includes consumption of energy, water, materials, minerals and chemicals. There is also an impact from emissions caused by the production itself and transports.

Suppliers in Asia frequently report a substantial amount of overtime. Axis regards excessive overtime as a risk to employee health and safety. There is also a risk of negative impact on performance.

Axis encourages its suppliers to be innovative and use technology for eliminating processes that are hazardous to human health.

“Axis has a very high focus on sustainability and is very conscious of the importance of decisions that we make. The company takes sustainability seriously and that concerns all areas. Axis puts passion and pace first, and keeps improving.”

Jesus Carrillo, Program Management Manager, Flex

They are also encouraged to reduce waste of materials and ensure that resource extraction occurs in a responsible way.

Use of water and materials in Axis products shall occur responsibly and the company is striving to increase the percentage of recycled materials in its products.

Much of Axis' total carbon dioxide emissions are attributable to transports from contract manufacturers to the Axis configuration and logistics centers (CLCs).

*New suppliers are those who have been phased in and started collaborating with Axis in 2019.

Axis is working proactively to make transports more efficient, which helps lower both costs and emissions. Emissions and other environmental issues are discussed in more detail in the section on *Environmental responsibility*.

Suppliers are selected based on the following criteria: quality, price, ethics and counteracting corruption, environmental impact and flexibility. They must also provide their employees with a decent work environment and terms of employment, allowing them to freely join trade unions and sign collective agreements. Respect for human rights is another important selection criterion.

Furthermore, consideration is given to their proximity to a contract manufacturer, CLC and/or a purchasing office. Close collaboration with suppliers on sustainability issues helps lower the risks and make manufacturing more efficient, innovative and responsible.

Activities in focus 2019

During the year, Axis trained 21 quality engineers who are responsible for auditing suppliers.

Axis has increased awareness and helped improve efficiency at the suppliers, which has contributed to automation in some processes. For example, an automated pre-treatment process was implemented at a die casting supplier in order to lower employees' exposure to chemicals and the risk of negative effects to their health as well as reduce risk of leakage.

During 2019, an inventory and survey was carried out to identify overtime work at Axis' suppliers. It focused on suppliers in critical regions, e.g., China, where the legal requirement is stricter than Responsible Business Alliance's requirements (RBA), but not always followed.

Regions where the national legislation allows extensive overtime work were also included in the survey.

The survey was sent by email to 105 of Axis' suppliers. 65 percent had responded by the end of December 2019. Of these 68 suppliers, 18 reported more than 60-hour workweeks (RBA requirement). 16 of the Chinese suppliers reported a breach of the legal requirements. All of the nonconformant suppliers have provided action plans to reduce overtime and be compliant within the first quarter of 2020.

Onsite spot-checks to verify the implementation and the results of the action plans have been and will continue to be conducted during 2020.

There has also been much focus on energy issues, including energy efficiency and energy consumption.

Audits in 2019

The 2019 audits of suppliers revealed that 13 suppliers in Asia had not complied with the requirements on overtime stated in the supplier code of conduct.

Some employees worked more overtime than what the law in that country allows. Axis has required its suppliers who have violated the laws on overtime to submit an action plan.

Foreign workers in Malaysia and Thailand were earlier identified as particularly at risk of being subjected to forced labor. Because of this, Axis is conducting more frequent supplier audits there along with training to ensure that there are no abuses of human rights. In 2019, it was discovered that a component supplier in Malaysia seized the passports of its foreign workers. The problem has since been corrected. This will be further verified through unannounced on-site audits in the beginning of 2020.

Recurring challenges with suppliers include deficiencies in how they manage both chemicals and waste. In all cases where problems were identified, the suppliers have taken action to correct nonconformities.

No supplier collaborations were terminated during the year due to their failure to live up to Axis' sustainability requirements.

Supplier code of conduct

Axis' supplier code of conduct, which all suppliers must sign and comply with, is based on the Axis code of conduct and the ten principles of the UN Global Conduct on human rights, labor, the environment and anti-corruption. The Responsible Business Alliance's code of conduct was used as the model for requirements on working hours. The supplier code of conduct covers a variety of topics, such as a ban on all forms of child and forced labor, requirements on providing decent working conditions, controls on environmental impact and the necessity of counteracting all forms of corruption. Suppliers must also have controls in place for their environmental impact, energy and water consumption, emissions, and how both chemicals and waste are managed. Responsible purchasing of minerals is another requirement. Furthermore, suppliers must comply with ISO 14001 standard or have an environmental management system that is in accordance with ISO 14001.

Some suppliers have not signed the Axis code of conduct for suppliers, referencing instead their own code of conduct. In such cases, Axis reviews the supplier's code of conduct to ensure that the content corresponds to what is stated in the Axis code of conduct for suppliers. 100 percent of the new suppliers have signed the Axis code of conduct for suppliers. The supplier code of conduct is reviewed each year. The same applies to the CLC code of conduct.

Trainings and Supplier Academy

Axis provides training to suppliers via, for example, the Axis Supplier Academy, where suppliers are trained locally on environmental, work environment and other sustainability issues. The training program has been designed to increase awareness and understanding of Axis' requirements and the main target group is suppliers who are most critical to Axis from a sustainability perspective.

During the year, Axis trained five component suppliers, and all of the company's eight CLCs via Axis Supplier Academy.



Stringent supplier audits

Initial evaluation

Before collaboration may begin, all new suppliers are initially evaluated by completing a self-evaluation form. The form is based on the ILO Conventions and the ten principles of the UN Global Conduct. It covers a wide variety of topics including the company's environmental impact (e.g., chemicals management and emissions), social responsibility (e.g., working conditions, working hours, employee health and safety) and ethical issues.

For suppliers that are critical from a sustainability perspective Axis also performs on-site audits.

Audit and follow-up

The purpose of supplier audits is to follow up and ensure that suppliers are meeting the requirements stated in the code of conduct for suppliers. Audits can be performed on-site or off-site, and are carried out in both the first tier (contract suppliers) and second tier (component suppliers). Suppliers are classified according to the level of risk with regards to environmental and corporate social responsibility risks, where consideration has been given to type of commodity, the country where they are located, credibility and prior evaluations.

For high risk suppliers, environmental and quality engineers from Axis make on-site visits to carry out the audits. Inspections typically take between 1-2 days and interviews are held with both employees and management. Axis investigates the entire production process, through to end delivery, looking at such things as the factory's environmental impact and working conditions for employees.

This includes working hours and routines, the existence of child labor or forced labor, noise level, fire safety and how both chemicals and waste are managed. The various types of emissions are also identified and measured.

Axis follows up on the water use of its suppliers, where this is part of the audit, and advices on monitoring and KPIs.

In addition, Axis ensures that no conflict minerals are used. Axis also checks that there are processes and systems in place for ensuring that operations are run in an ethical way and that there is no corruption.

If it should be revealed that a supplier is not meeting Axis' requirements, the supplier will be given three months to implement remedial measures. Axis then follows up that the problems have been corrected, by conducting one or more additional audits. If remedial action is not taken, Axis will not provide the supplier any new business. The next step would be to phase out that supplier. Audits are conducted on suppliers that are critical from a sustainability perspective. On average, audits are carried out every three years (provided that no problems requiring remedial action have been identified).

Regular audits on the majority of Axis' suppliers have led to improvements in their sustainability efforts. Examples of this include better waste management practices, lower emissions to water and soil, better safety for employees in the workplace, a lower risk of accidents and a better overall work environment.

Goals

and target fulfillment

Suppliers

All new suppliers in 2019 shall be audited with respect to criteria on the environment, working conditions, human rights and anti-corruption (on-site audit).

During the year, all new suppliers were screened via self-evaluation forms and/or on-site audits. During 2018 and 2017, all new suppliers were also screened.

Ensure that all suppliers meet the Responsible Business Alliance's requirements on working hours.

There has been follow-up on this via on-site visits to several suppliers in 2019 and this will continue in 2020 as well.



UK Modern Slavery Act

Axis has operations in the UK and is thus subject to the UK Modern Slavery Act. Axis works actively to counteract all forms of modern slavery, child labor, forced labor and trafficking in its business and it imposes demands on suppliers that none of this may occur in their operations. Suppliers are expected to forbid any occurrence of modern slavery, child labor, forced labor or trafficking do not exist in their operations. For information regarding how Axis works with these challenges, see www.axis.com.



Conflict minerals

Axis works both systematically and proactively to ensure that the company's products do not contain any conflict minerals. Specifically, this means gold, tantalum, tin and tungsten mined from conflict areas in the world, where money from the sale may go to armed groups or criminals, thereby perpetuating armed conflict.

Some of the components in Axis products contain tin, tantalum, tungsten and gold.

From both a social and ethical perspective, conflict minerals are a very important issue. Mining of such minerals often results in conflict. Furthermore, the proceeds from mineral trading may go to finance armed conflicts or perpetuate both child and forced labor. Mining of conflict minerals can also have a detrimental environmental impact in the form of deforestation and hazardous emissions to both water and soil. Axis neither accepts, tolerates nor engages in any purchasing of minerals that finances conflicts, or which involves any violation of human rights or use of forced labor.

In 2019, it was discovered that three of Axis' suppliers had used components containing conflict minerals. Those suppliers have submitted action plans and do everything within their control to ensure that this never happens again. Axis will conduct unannounced on-site audits to ensure that those plans have been implemented and that the problems have been remedied. If the audits reveal that the action plans have not been implemented or have not effectively remedied the problems, Axis will terminate its collaboration with those suppliers.

Documented process

Axis has a well-documented process for ensuring that the minerals used by its suppliers and subcontractors are conflict-free. In accordance with Axis' code of conduct for suppliers, all first and second tier suppliers have undertaken to have a process in place for mapping their supply chain in order to ensure that no conflict minerals are used.

Suppliers are required to report where the minerals have been sourced and have a process to 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. They must then report that information to Axis.

In addition, Axis requires that all of its suppliers comply with Section 1502 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, when applicable, to ensure a higher level of traceability for minerals. Suppliers must also have policies and due diligence practices in place that enable Axis to ensure that the products and components they deliver only contain conflict-free minerals.

Suppliers are expected to report where they have sourced the minerals in their products and components, along with any measures that have been taken. They do so using the Conflict Minerals Reporting Template in the Responsible Minerals Initiative reporting tool. More than 90 percent of Axis suppliers have reported this information using the reporting tool or equivalent. Axis regularly follows up on its suppliers, which includes those that previously declared that they do not use conflict minerals, because there could be changes over time in how they purchase such materials.

Governance

Axis follows the recommendations and guidelines on social responsibility in the supply chain, as stipulated in the *Responsible Business Alliance and the Global e-Sustainability Initiative*. All suppliers must comply with Axis' policy on conflict minerals.

Social responsibility

For Axis, in its role as employer, social responsibility is about providing a good, safe workplace, where there is equality, diversity and non-discrimination. It is also important to have a healthy psychosocial work environment, with happy, motivated employees who want to grow and develop. Axis has employees in 51 countries and has a significant influence on people's lives and well-being by creating job opportunities for them. The company applies a long-term approach to social responsibility. Axis strives to generate benefits by investing in initiatives that have a positive impact on its own operations and society at large.

Employees

Axis offers an attractive workplace with a safe, healthy and sustainable work environment where all employees have good opportunities to develop. Axis creates excellent career options that arise from it being an innovative, expansive company. The company has attractive, competitive employment terms, and recruits employees on a continual basis in all markets. During 2019, Axis grew with 393 new employees. The total number of employees at year end was 3,646, of which 28 percent women and 72 percent men. During 2019, Axis continued its efforts to achieve the stated goals in health and safety, equal opportunities, diversity, inclusion and non-discrimination.

Culture for success

Employees are guided by the values and company culture that prevails. For example, continual development is an important part of the company culture and underlying factor for progress, innovation and success.

Core values

Axis core values mean, among other things, being committed, taking responsibility, having high ambitions and pushing the boundaries. It also means being open to the ideas of colleagues, receptive to customer needs, and to make decisions that always have the best interests of Axis in mind.

Achieving the company's goals is also key, along with remaining on the cutting edge and developing the very best products and solutions.

Core values provide the foundation for the company and its strategy. Strong leadership supports employees being motivated and passionate about pursuing constant development and innovation. The core values provides guidance, helping employees make decisions and carry out assigned tasks, each and every day. All of it ensures more efficient teamwork and helps build genuine trust.

Strong company culture

All employees are expected to get involved, sharing knowledge, expertise, and contributing to a culture of innovation and creativity. Axis works systematically to continually strengthen the company culture since it is crucial that all employees share the company's values. Recruiting is a careful, thoughtful process where much effort goes into ensuring that candidates' values are aligned with those of the company.

The company culture and core values are an important part of the introduction program for new employees. They are also emphasized at kickoff events, salary setting and during performance appraisals.

Axis' internal company culture reinforces the company's reputation and brand, thereby contributing to the company's success and ability to continue growing worldwide and remaining both innovative and dynamic.

Attracting and developing talent

Axis' ambition is to create excellent career opportunities and offer competitive salaries with attractive employment terms. This is critical to the company's ability to both attract and retain skilled employees. Axis has a bonus program that covers all employees. Furthermore, all employees have performance appraisals and salaries are reviewed for all employees each year. Job rotation and promotion from within is encouraged, which contributes to worthwhile, fulfilling careers.

There are also a wide variety of training opportunities and development programs available to employees. One of the new initiatives in 2019 was the launch of a global recruiting and learning tool as part of the Axis HR platform. The new recruitment tool allows all employees and candidates to have an easy and transparent access to all available vacancies, provides recruiting managers an overview of a base of candidates, gives better understanding of recruitment sources and support creation of the Axis experience for candidates during the recruitment process.



**Act as
one**

**Think
big**

**Always
open**

Core values

With the new learning platform, employees can browse available trainings easily and sign up for what is being offered. Furthermore, it provides a forum for sharing best practice, which is an excellent resource and source of support for employees. AMP (*Axis Mentorship Program*) is the internal global mentoring program that has been launched during the year. AMP connects employees across regions, functions and experience levels.

Axis has numerous *Axchange* programs, which are job rotation opportunities. They give employees the chance to exchange experiences, gain new perspectives, learn new skills and advance in their careers.

- > **IP@Axis** (International Projects at Axis), is an international exchange program that enables employees to work for a limited period of time at one of the company's other offices around the world.
- > **Live my day** is a program whereby an employee can shadow a fellow co-worker for two weeks to gain insight into what the job involves and/or learn what it's like to work at that office.
- > **Jobswap** involves two employees with similar jobs, but in different regions, swapping with each other for a specific period of time.

Other training and initiatives exist in each region. They are decided locally and based on the needs of the region or country. One example is language training such as a global English language offering available for employees in all countries. Employees set goals and enroll in activities based on the career development discussions and plans they have established with their manager.

Leadership is key to this entire process and Axis has several training programs to develop the leadership skills of its managers. ALP (*Axis Leadership Program*) is designed to further develop managers on being an Axis leader and was conducted in Sweden and Americas in 2019.

Another development program launched in 2019 is *Axis Sales Methodology*. It aims to help employees develop deeper relationships with customers based on trust earned through meaningful conversations.

A good and healthy work environment

In its role as employer, Axis is dedicated to offering a work environment where employees thrive and want to remain with the company for a long time. They should feel proud of their contribution and working for Axis. Axis knows that healthy, happy employees also do a better job.

Furthermore, a good physical and psychosocial work environment promotes both creativity and innovation, which helps generate favorable results for the company. HR managers ensure that all offices adhere to the regular working hours and that compensation in the countries complies with agreements and national legislation.

Each year, Axis engages in a variety of activities aimed at promoting employee health and wellness. Examples include reviews of the office ergonomics, health profile assessments, health surveys, bicycles for new employees in Sweden and numerous team-building events. All employees in Sweden have private health insurance. Many initiatives are carried out at the regional or country level. Furthermore, health and wellness are discussed during the annual performance appraisals for employees in Sweden. Fire safety training and other safety trainings are also held at most offices.

During the year, Axis also set a new goal focused on employee wellness, which is: promote and support healthy and sustainable living. It was implemented throughout the organization during 2019 and various initiatives took place in line with that ambition.

Initiatives during the year for promoting a safe and healthy workplace include the following:

- > CPR (cardiopulmonary resuscitation) trainings as well as work environment training
- > In Singapore, an Employee Assistance Program set up to support employees with personal or work-related problems that may impact their work, health, mental or emotional well-being
- > A wellness event held for all employees in South Africa to review and assess their health and wellness
- > A wellness challenge held in the Middle East to encourage employees to get more exercise by walking or jogging
- > In Southern Europe, a week-long challenge with daily activities to raise awareness on health and well-being in the workplace

Several activities to maintain a healthy, overall psychosocial work environment have been carried out. In Sweden, for example, trainings were offered in stress management and personal leadership. In USA, there was a nutritious eating challenge for employees and their families. Mental well-being and resilience workshops were also offered. Employees in Northern Europe were provided with the opportunity of subscribing to a mindfulness app.

Goals and target fulfillment

Health and safety

Maintain good overall psychosocial working environment for all employees.

One psychosocial health-promoting initiative per country/region during the year.

Promote and support healthy and sustainable living.

Many regions reached their goals, focusing intently on psychosocial issues and taking action during the year to promote a good overall psychosocial working environment. Many initiatives took place aimed at achieving that goal on healthy and sustainable living. Those efforts will continue in 2020.



Employee surveys

Employee surveys are carried out on a regular basis to gain insight and understanding of employee views on engagement, teamwork and team efficiency, psychosocial work environment, personal development, leadership and other matters concerning the workplace. During the year, employee surveys were conducted at several locations, including in Sweden. Approximately 69 percent of Axis employees work in Sweden. Questions were also asked aimed at determining whether there were any indications of illness, stress or discrimination.

Axis was ranked as being a very good workplace and scores were also very high for such things as leadership and the psychosocial work environment. The survey showed that Axis employees are motivated, committed and willing to make an extra effort. There are also many brand ambassadors who would recommend Axis as a good place to work. Areas for improvement include feedback within teams. There was a very high response rate of 84 percent and a high Net Promoter Score* (NPS) of 50. For this scale 50 scores is considered to be an exceptional result. An employee survey was carried on in Southern Europe as well and the results were favorable. Middle Europe participated in the survey of best workplaces in Europe and the company received prestigious recognition as a Great Place to Work. Axis Middle Europe won in several categories: Best Mid-Sized Employer, Best Employer in Bavaria, Germany and Best Employer in Information and Communication Technology (ICT).

Collective agreements and freedom to join trade unions

73 percent of all Axis employees, including all employees in Sweden, are covered by collective agreements. All employees are entitled to freely join trade unions in accordance with local legislation and what is applicable in each specific country.

An inclusive workplace

Promoting diversity and inclusion is a top priority for Axis and the company knows that having diverse teams working in every function promotes both creativity and innovation, thereby helping generate favorable results. Axis' point of departure is that all people have equal worth.

Axis does not tolerate any form of discrimination or harassment based on gender, sexual orientation, ethnicity, national origin, religious beliefs, age, marital status, disability or other statutory reasons.

The company actively strives to achieve a higher level of diversity and equality, along with counteracting discrimination.

Axis' view is that an inclusive working environment with equality and diversity in respect of background, competencies and other attributes fosters innovation and dynamism as well as employee wellbeing. It makes people feel proud to be an employee of Axis and it creates loyalty, commitment and motivation. Furthermore, an inclusive workplace is a competitive advantage because the company's good reputation is fundamental to successful recruiting activities.

All employees should have opportunities for developing their skills and abilities. This applies regardless of gender or background, which should never be a factor in deciding what career opportunities exist for a person working at Axis. Axis should also be a place where achieving a good balance in life is both possible and encouraged. Axis strives to ensure that in each market, employees with equal qualifications receive equal pay for equal performance and responsibilities.

Counteracting discrimination

Both local and regional initiatives takes place to counteract discrimination, particularly concerning the recruiting process and job advertisements.

All offices work and set goals based on the local conditions. During the year, one initiative to counteract discrimination was a workshop held for R&D managers in Sweden. It was a pilot project on how to recognize and benefit from team member differences and similarities. There was also a workshop for Global Sales team in Sweden on the topic of unconscious biases, how to recognize such behavior and change it. In Northern Europe, there was internal recruitment training for managers to raise awareness of these issues.

Numerous activities were carried out in the Americas as well. Examples include efforts to remove biased language in job descriptions and reduce bias in the recruiting process. Furthermore, changes were made to the interview feedback process in Americas via debriefing aimed at ensuring that information captured in individual interviews is never relayed in a way that creates group bias. There was also mandatory training on Preventing Harassment and Discrimination in the Workplace.

Examples from other regions include an Inclusive Society awareness session held in South Asia

* Net Promoter Score (NPS) is a method for measuring the company's employer brand. NPS shows how likely it is that you would recommend Axis as an employer to a friend. It is calculated as follows: $NPS = \% \text{ Promoters} - \% \text{ Detractors}$. The index ranges from -100 to +100.

Pacific aimed at increasing knowledge of the various types of disabilities and teaching appropriate disability etiquette. At 2N, all hiring managers were offered training and education on recruitment practices as well.

Goals and target fulfillment

Non-discrimination

Zero tolerance for discrimination and harassment. All reported cases must be handled promptly and in accordance with Axis processes and policies.

In 2019, no cases of discrimination were reported. During 2018, two cases of sexual harassment were reported, where Axis employees were subjected to harassment at the workplace by third parties. One case of discrimination in the recruitment process was also reported. Each case was closed following investigation and appropriate action. Two further reports of discrimination were received. They were investigated and appropriate action was taken. However, the processes are still ongoing and the cases have not yet been closed. In 2017, one case of sexual harassment was reported. It was dealt with in accordance with the policies and procedures in place at Axis.

Ensure that the recruitment process, including language in job advertisements, is non-discriminatory.

HR departments throughout the world continually review recruitment strategies and job advertisements to ensure that they are inclusive, encourage diversity and are not discriminatory. All recruitment training held at the Axis headquarters in Lund and in the Americas include a component on how to avoid discrimination in the recruitment process.

An educational initiative during the year to raise awareness of discrimination among Axis managers globally.

Several activities were held during the year and a few of them are described in the text.



Initiatives to promote equality and diversity

During the year, there was much focus on improving the gender balance at Axis, with several initiatives aimed at increasing equality and diversity, particularly in recruitment efforts. Of the total number of new employees during the year, 29 percent were women and 71 percent men. For the company overall, 28 percent of the employees are women and 72 percent men. Activities aimed at achieving higher equality and inclusion during the year also included:

- > Recruitment training on diversity in several regions
- > A Women in Security Summit for EMEA to recognize and support women in the industry (see separate article)
- > Action taken within the Global Sales organization in Sweden to ensure that there is at least one female candidate in every recruitment process
- > Special focus on promotion practices in Eastern Europe. A result of this was that half of those promoted in 2019 were women
- > 2N increased efforts for a greater flexibility in respect of working hours and options to work from home to promote a better work-life balance, especially for new parents
- > Several activities and training initiatives were held in the Americas aimed at increasing diversity and equality. One example is a leadership program for women that was developed in collaboration with Security Industry Association (SIA). A "gender decoder" tool was also introduced. It is used to review the language of job applications for gender bias.

Axis Q Network is a network for female employees in Sweden, providing them with a forum for meeting, inspiring one another, exchanging ideas and sharing experiences with other women working at Axis and in other companies. Axis also collaborates with, among others, MINE (Mentorship, Inspiration, Networking and Education), which is an idea-based, non-profit member organization for employers aimed at increasing diversity and inclusion in working life, including the recruitment process.

Axis reviews its annual salary adjustments to ensure that they are non-discriminatory. If bias is detected in the salary adjustments that have been made, action is taken to ensure compliance with Axis processes and policies.

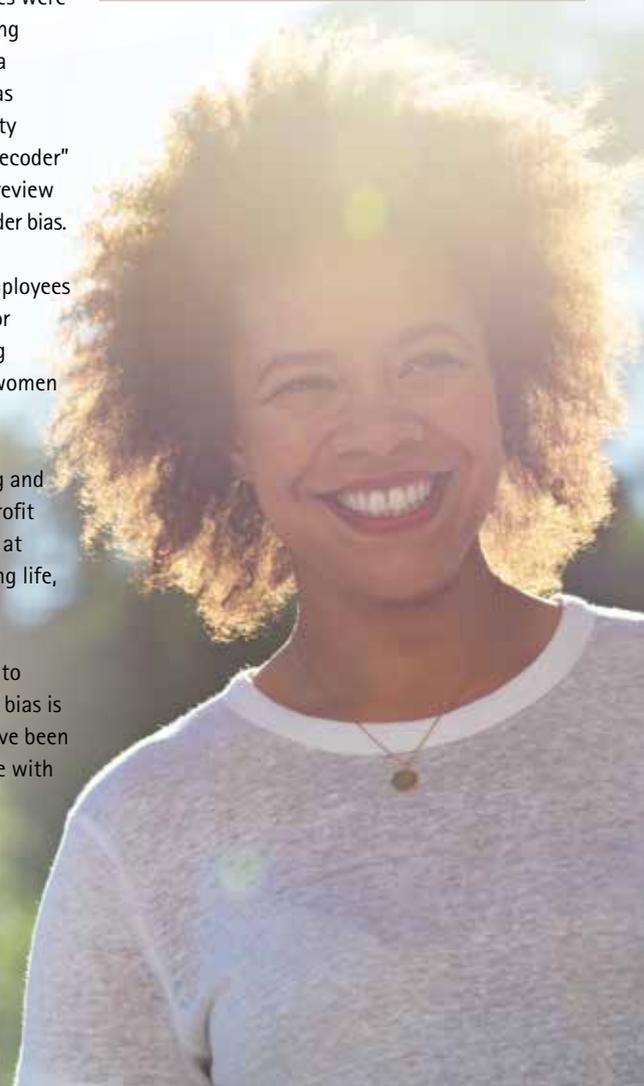
Goals and target fulfillment

Equality and diversity

Aim for a more balanced gender distribution in all teams and functions within Axis.

Ensure that the recruitment process, including advertising, contributes to increased diversity.

During the year, there was much focus on improving the gender balance at Axis, with several initiatives aimed at increasing equality and diversity, particularly in recruitment efforts. A number of activities were conducted at both a local and regional level, which are described in the text.



Employees

	2019	2018	2017
Number of employees	3,646	3,253	2,865
Proportion women/men, %	28/72	28/72	27/73
Group management	1 woman, 8 men	2 women, 8 men	2 women, 8 men
Board of directors	3 women, 7 men, of whom 2 women and 3 men are employee representatives (incl. 2 deputies)	3 women, 7 men, of whom 2 women and 3 men are employee representatives (incl. 2 deputies)	2 women, 8 men, of whom 2 women and 3 men are employee representatives (incl. 2 deputies)
Employee turnover, %	7.6	6.5	9.4
Workplace accidents*	27, of which 0 fatal accidents	23, of which 0 fatal accidents	17, of which 0 fatal accidents
Absence due to illness, in Sweden, %	2.9	3.0	2.9
Number of accidents resulting in lost workdays	9	3	1
Number of lost workdays	87	74	40
Average age	40	40	39

*The main reason for the increase in the number of accidents is accidents during travel, that is, accidents occurring going to and from the workplace, but it is also due to the fact that employees have generally become better at reporting accidents and incidents.



Community Service Committee, Americas

A Community Service Committee with representatives from USA, Canada and Mexico was set up for the purpose of promoting sustainability initiatives in Americas. Its goals are to lower the environmental impact of Axis' employees, along with investing in initiatives that benefit society. One of the environmental activities focused on lowering consumption of plastics and single-use items at Axis and a competition was held to encourage employees to reuse cups and mugs.

The Committee also organized clothing swaps and encouraged employees to get involved such that they derive as many benefits as possible from the working day earmarked for sustainability activities. For example, in collaboration with Mission 500 (a non-profit organization that works closely with the security industry), the Committee collected supplies and materials for schools in need.

It has also focused on a variety of initiatives to improve employee health, such as walking challenges and creation of a monthly wellness newsletter promoting a healthier lifestyle, with tips and suggestions that can be applied to everyday life.



Women in Security EMEA

Conference for inspiring more diversity and inclusion

Axis is striving to achieve a better gender balance in all of its teams and functions. During the year, Axis EMEA arranged a conference called Women in Security EMEA. The purpose was to raise awareness, and both encourage and promote women in this line of business. The participants had opportunities for networking, getting inspiration, exchanging experience and gaining expertise. Discussions focused on diversity, inclusion, future challenges and opportunities.

For Axis, it is important to highlight the business value of diversity and a more inclusive workplace.

"For teams that engage directly with customers, we know that diversity (in terms of gender, age, experience and ethnic background) creates better dynamics, sparks innovation and fosters an atmosphere that makes a real difference to the bottom line," says Anna Forsberg, VP EMEA.

The conference was successful from an employer branding perspective as well. It was an opportunity for illustrating how Axis works to increase diversity and has a thorough commitment and efforts to bring about change.

Axis employees in the EMEA region were invited, and the conference attracted around 100 participants (78 percent women, 22 percent men).

In workshops and seminars, inspiring speakers shared their experience of working as a woman in the security industry, the challenges associated with that and how to tackle them.

Ray Mauritsson, President & CEO, and Malin Svensson, Chief People Officer, both attended the conference and shared their experience and thoughts on diversity. They gave many examples of how the company's performance has improved with better diversity and gender distribution in its teams. They discussed Axis' commitment to realizing change in this area, and what the company is doing to achieve that.

Plans are to make the Women in Security Conference a regular event that also attracts and includes participants from among Axis' partners and end customers. All of it is aimed at achieving a better gender balance and diversity in the security industry.

"Women in Security provided an excellent opportunity for women in the security industry to meet, network and engage in worthwhile discussions.

This conference is one way of helping us become better at increasing diversity and inclusion." Anna Forsberg, VP EMEA, host of Women in Security EMEA.



Social responsibility and initiatives

Social responsibility and involvement in society are important components of the Axis sustainability strategy. For Axis, being a responsible member of society is about making a contribution that promotes positive local and regional development. Ways of doing this are through training initiatives, collaboration with schools, sponsoring social improvement activities and supporting charity organizations.

Axis primarily contributes to societal development in the markets where it does business. It does so via its role as a major employer and by getting involved in various types of social initiatives. The following are just a few examples of Axis involvement in society and the various initiatives it has supported worldwide.

Sweden

Axis collaborates with schools, colleges and universities such as BTH Blekinge Institute of Technology in Karlskrona, Malmö University, Linköping University and Lund University. Axis offers opportunities for students to complete their thesis projects and the company also supports various research projects. Besides that, Axis employees are frequently invited as guest lecturers at events to promote and inspire young people to work with technology and consider a career in engineering.

Axis also collaborates with organizations such as *Transfer* and *Coder Kids* to generate interest in technology among youth and promote programming as a future profession. *Transfer* provides lecturers from the business community to the school. *Coder Kids* offers after-school computer science and programming courses for girls and boys. Special focus has been on getting more women interested in a career in technology through support and involvement in initiatives like *Her Tech Future*, *Pink Programming* and *Introduce a Girl to Engineering Day*.

Foo Café is yet another example, where Axis has helped newly arrived immigrants gain access to employment opportunities by learning programming.

Furthermore, to help meet the future demand for IT expertise, Axis is collaborating with higher education institutions in southern Sweden, the Swedish Public Employment Service and Ideon Science Park via MatchIT.

MatchIT is focusing its efforts on newly arrived immigrants to Sweden, helping them gain IT training and access to careers in the sector. Axis has provided interview training and resume writing assistance, as well as study visits. Besides that, Axis makes donations to non-profit organizations and it sponsors local sports associations, sports events, cultural events and various educational initiatives.

Northern Europe

A team-building adventure in Northern Europe raised money for charity in the UK and Sweden. Axis employees climbed the highest mountains in England, Scotland and Wales, which raised around SEK 100,000 (GBP 8,300) for local charity organizations. This activity, called the National Three Peaks Challenge, involved climbing the nation's 3 highest peaks within 24 hours.

The Swedish Childhood Cancer Fund was one of the organizations that received a large sum of money from Axis to support childhood cancer research.

Activities like this help boost the company culture, develop Axis employees' skills and foster more cohesive teams. The climbing activity was also a difficult physical challenge that was beneficial to employee health while supporting a very important cause.



Katarina Gustafsson, Account Manager for Corporate Collaboration at the Swedish Childhood Cancer Foundation and Stefan Holmqvist, Regional Key Account Manager at Axis.

Another of Axis' social initiatives was to create charity teams in the UK and Nordic region. Furthermore, an *Annual Day of Giving* was launched in the UK. It means that each employee is entitled to one day of paid leave per year to volunteer for activities that help support a charity of their choice.

Axis also began collaborating with a youth hostel in Lund by sponsoring gifts (sports bags containing sports equipment) for youth who are refugees or seeking asylum.

Germany

Axis organized a partner event to increase awareness for corporate social responsibility where Axis partners could win prizes to invest in a charity of their choice.



Americas

Axis is cooperating with local high schools and universities to encourage youth to choose a career in the security industry. Special focus has been on inspiring young women in this way.

A Community Service Committee with representatives from USA, Canada and Mexico was set up for the purpose of promoting sustainability initiatives (read more on page 50).



Charity initiatives have included fundraising for the American Cancer Society's cancer walk, *Relay for Life* and by building bicycles for children in foster homes.

South Africa

Axis donated network cameras and accessories to *Give a Child a Family*, which is an orphanage in South Africa. The company also helped install the equipment at the orphanage.

Give a Child a Family protects vulnerable children, providing them with care and assistance in a safe environment. The charity organization primarily operates in South Africa, but it also runs activities in several other countries in Eastern and Southern Africa.

In addition, Axis supports the non-profit organization *Southern African Wildlife College*, which has the mission of equipping people with the necessary knowledge and applied skills to conserve and protect Africa's natural resources and biodiversity in viable, inclusive and economically successful ways. Axis donated cameras (including thermal cameras) that help increase security at the site and counter illegal activities like poaching.

Axis also donated cameras for outdoor surveillance at a new maternity ward at *Dandelion Africa*. It is a non-profit non-governmental organization working to improve the sexual reproductive health and economic livelihoods of women and youth in Kenya. It works with training initiatives, skill development, entrepreneurship and micro-financing.

Tanzania

For several years, Axis has been supporting Hekima school in Tanzania by providing educational material, software and computers. In training sessions, Axis employees shared their technical know-how with teachers and helped ensure that the IT infrastructure and IT support improve. All of these initiatives help improve the quality of education for the girls attending the school.



Middle East

At Intersec Dubai 2019, Axis launched a sustainability call-to-action called #GoGreenWithAxis and distributed pins with the message "I ♥ Sustainability". People who visited the Axis booth pledged to change just ONE habit during the year aimed at helping save the planet. They wrote their pledges on seed paper and pinned them to the green wall that Axis had set up for this activity. Each person who participated also received a pin with the message, "I ♥ Sustainability".

The seed paper, made from recycled materials, was embedded with tiny seeds for both flowers and garden vegetables. Axis collected more than 300 pledges and has committed to planting a sapling for each one.



The plant chosen is the Ghaf tree, which is regarded as the national tree of the United Arab Emirates as well as the symbol of "The Year of Tolerance 2019". The saplings will be grown in a greenhouse over the next two years. Once they reach maturity, Axis will donate them to schools, NGOs, partners and employees.

South Asia Pacific

In Singapore, Axis arranged an event called *Smart Seniors*, which attracted around 60 participants. At the event, Axis employees introduced the senior citizens who attended to a variety of smart technologies aimed at helping them cope with different types of situations and emergencies.



Customer stories



Network cameras in ambulances facilitate quicker action and better care

When a person has a stroke, getting the right care in time is crucial. In Sweden, more than 25,000 people suffer from acute strokes each year. Though it mainly affects older people, younger people can also be affected.

Prehospital ICT Arena at Lindholmen Science Park is making use of technology in pre-hospital care processes and has undertaken a joint venture with Chalmers University of Technology, University of Borås, Emergency Medical Services in Region Västra Götaland and Sahlgrenska University Hospital. The project focuses on finding new ways for stroke patients to receive care as soon as possible after they show symptoms.

Expert knowledge to the ambulance
Axis network cameras, together with the cloud-based solution AXIS Companion (adapted for smaller installations), were installed in ambulances serving Region Västra Götaland. Real-time images via network video provide support to the ambulance crew who, together with the neurological experts, can better examine and assess the patient's condition, thereafter deciding whether to take them to the nearest local hospital or a hospital offering specialist care.

The network video solutions make it easier for hospital personnel to correctly diagnose patients while they are still in the ambulance. A quicker assessment and treatment increase the chance of a stroke victim being able to resume a fully functioning life after the stroke. It also benefits society, by reducing suffering for patients and loved ones, along with maximizing the health-economic benefits.

IP audio in classrooms can help children with learning difficulties

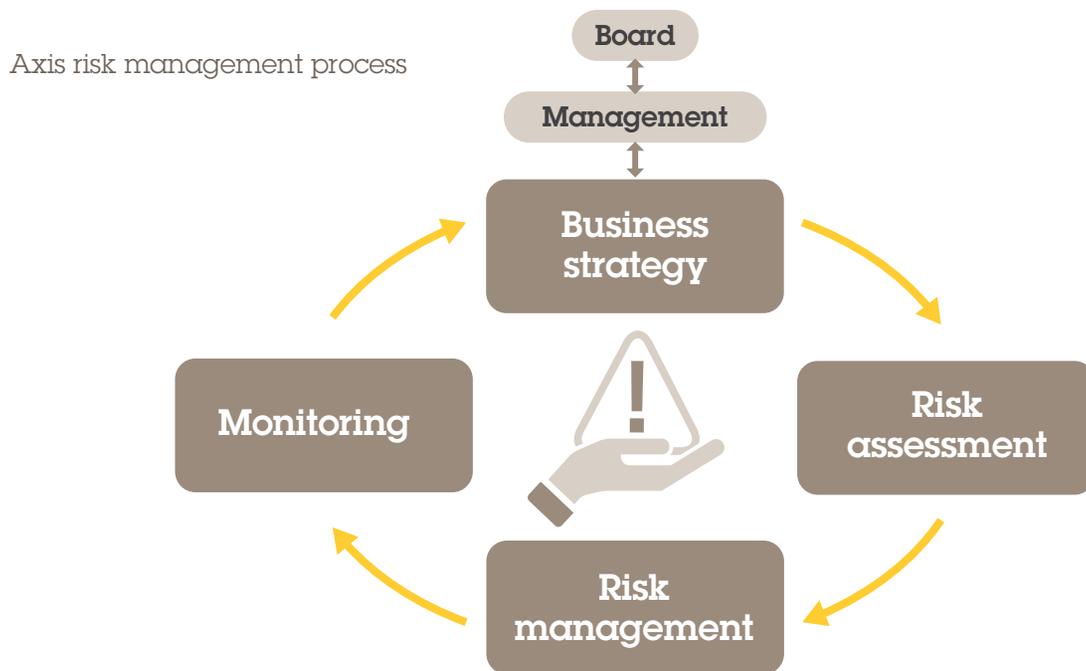
A ground-breaking educational research project shows that innovative sound technologies can offer children with learning difficulties better outcomes in their education.



Axis is working with Leeds Beckett University and the Carnegie School of Education in a ground-breaking research project. Innovative use of IP audio at 5 schools aims to confirm that there is a link between sound, changes in sensory perception and mood among primary and secondary school children with Autism Spectrum Disorder (ASD)/ Attention Deficit Hyperactivity Disorder (ADHD) and behavioral issues.

The research initiative is aimed at demonstrating how the innovative use of sound technologies helps children with learning difficulties achieve better outcomes in their education and futures. Researchers have investigated ways in which Axis audio solutions could be used to create a calmer, more relaxing classroom environment.

The initial results are encouraging, showing that sound can have a positive impact on students' ability to learn and concentrate in the classroom.



Risk management

Axis is an international group with operations and customers all over the world and is thus exposed to many different risks. The Group's risk management aims to minimize the risks but also to ensure that opportunities are utilized in the best way, in order to facilitate continued strong growth and business expansion.

During 2019, Axis solidified the risk management cycle; thereby creating synergies with internal control as well as the overarching policy framework. Axis has an internal control framework based on COSO (Committee of Sponsoring Organisations of the Treadway Commission) with well-documented controls, which are tested annually. During 2020, a risk assessment will continue to be performed in relevant parts of the organization.

Axis risk management framework

Axis risk management framework based on its corporate strategy, aims to identify, evaluate and prioritize risks related to Axis reaching its commercial goals. Both a top-down and a bottom-up approach are employed. The owners of the various risks are identified in this process. The Axis department for governance and internal control compiles, follows up and evaluates the risks, in consultation with other departments and functions. Annual follow-up and risk updates are performed by group management, which takes decisions regarding measures and actions. Annual reporting occurs to the board.

Risks

Risks are identified based on Axis' overriding strategy, and this process incorporates both a business and a sustainability perspective. The work on identifying, handling, following up and evaluating the risk exposure that the Group is subject to is continually ongoing, at a group, regional and local level. Management and coordination of financial and insurable risks is mainly carried out by the Group's finance department. Function-specific risks in the company-wide functions, Finance, IT, HR and Operations are handled and coordinated within each function.

The company's legal risks are handled by Legal in cooperation with external lawyers. The exposure to intellectual property risk in the patents area is managed by Axis specialists, in collaboration with external lawyers and advisors.

The list on the following pages shows identified risks, in no particular order of importance, as of December 31, 2019. The list does not claim to be exhaustive.

Risk	Description of risk	Management of the risk
Natural disasters and accidents	Natural disasters or accidents, which affect Axis, Axis suppliers, distributors or partners can impact Axis negatively.	Axis is well-insured and has effective processes in place and agreements with suppliers in different regions for diversification of risks.
Market development and competitive situation	<p>Market development As a leading player in the network camera market, Axis is benefiting from continued global market growth. A global market downturn can impact Axis negatively.</p> <p>Competitive situation Greater competition due to the market attracting additional players increases the risk that Axis will lose market shares.</p>	<p>Market development Axis is broadening its customer offering through acquisitions and innovative product development and is strengthening its presence in already established markets and establishing a presence in new geographical markets. Axis carefully monitors global trends in order to take necessary measures when conditions change.</p> <p>Competitive situation Market shares and market leadership can be maintained through careful competitive intelligence, a capable global sales force, close collaboration with partners as well as vigorous and rapid product development.</p>
Political risks	<p>Political instability Political instability in countries where Axis operates can have an adverse impact on Axis' global expansion.</p> <p>Acceptance of camera surveillance In the future, there is a risk for less acceptance of camera surveillance, as well as more privacy questions linked to this.</p>	<p>Political instability Axis follows developments closely in the countries where the company operates.</p> <p>Acceptance of camera surveillance There are currently no known plans to Axis for significant changes with regard to laws or restrictions in the markets where Axis operates. Axis continually strives to monitor legislation in the area and to communicate the benefits of camera surveillance for a safer and more secure world.</p>
Customer satisfaction risk	Axis' continued success depends on customers being satisfied with Axis products, solutions and support. If customer satisfaction falls, it would impact Axis negatively.	Axis regularly conducts satisfaction surveys among distributors, partners and end customers in order to listen to customers and implement improvements in accordance with customer expectations and needs.
Reputation risk	If Axis is not perceived as a reliable business partner or employer due to the fact that Axis as a company, the company's employees, suppliers or partners do not act ethically and sustainably in all respects, it could impact Axis and its stakeholders negatively.	Axis works actively with business ethics, IT security and compliance. Axis evaluates and continually updates internal processes and controls, performs supplier audits and informs and trains its employees and partners.
Risks in the supply chain related to environmental impacts, working conditions, human rights and corruption	<p>Environmental impact, working conditions, human rights and corruption Environmental impacts occur in all manufacturing processes, including energy consumption, hazardous waste and carbon emissions. Risks for the employees include the working environment and working conditions. Overtime implies a risk to employee health and a product risk in respect of quality. Risks in the supply chain also include the occurrence of bribes and other types of corruption and of unlawful or unethical behavior, and violation of human rights.</p> <p>Conflict minerals There is a risk of conflict minerals, such as gold, tantalum, tin or tungsten, which finance armed conflicts, being found in components for Axis products.</p>	<p>Environmental impact, working conditions, human rights and corruption All Axis suppliers shall comply with laws, regulations and Axis' supplier code of conduct. This includes having control of environmental impacts, fighting bribery, other types of corruption and fraud and ensuring ethical conduct in every respect. The supplier code of conduct shall also ensure good working conditions and that no form of child or compulsory labor occurs. Suppliers should be ISO 14001 certified or have a management system in accordance with ISO 14001. Suppliers are initially evaluated using a self-assessment form and Axis conducts regular audits to ensure that suppliers meet the requirements in the supplier code of conduct. In Axis Supplier Academy, suppliers are trained in relation to sustainability matters.</p> <p>Conflict minerals Axis has a structured process for ensuring that the minerals used by suppliers and subcontractors are not conflict minerals. All suppliers have undertaken to have a process in place for ensuring that conflict minerals are not used. Suppliers shall also control their own supply chains and inform Axis if conflict minerals are found.</p>
Environmental risks	<p>The operations' environmental impact Transports, energy consumption in the operations and business trips give rise to environmental impacts and emissions run the risk of damaging water, air and land.</p> <p>Product environmental impact The risk of overutilization of finite resources is affected by the design and choice of materials. Unless Axis helps to reduce the products' environmental impact, it can impact Axis and the company's stakeholders negatively.</p> <p>Hazardous material If Axis products contain substances, which are hazardous to health and the environment or Axis' environmental performance is poorer than the competitors or Axis does not meet customer requirements concerning materials, it would impact Axis and the company's stakeholders negatively.</p> <p>Energy consumption Product use implies energy consumption that gives rise to environmental impacts and emissions that run the risk of damaging water, air and land.</p>	<p>The operations' environmental impact Axis' environmental policy prescribes that Axis shall minimize environmental impacts in its product lifecycles and throughout the entire value chain. Awareness is raised among employees through environmental training. Axis is streamlining logistics flows and has clear goals for reducing carbon emissions from transports and reducing energy consumption from the operations. Axis uses carbon offsets for business trips by air and encourages less travel.</p> <p>Product environmental impact Axis strives to increase the proportion of recycled material in its products. Design regulations encourage environmentally friendly design.</p> <p>Hazardous material Axis lists hazardous substances, which are not permitted and substances where use shall be restricted. Axis checks the material content in its products in order to ensure that requirements are met. Axis is working proactively on phasing out hazardous materials from its products. Axis also has a goal of offering more products free from brominated and chlorinated flame retardants (BFR and CFR).</p> <p>Energy consumption Axis is working to develop more energy-efficient products and solutions, while maintaining functionality.</p>
Material	Shortages of component and input materials can have a negative impact on Axis.	In order to minimize risks in the supply chain, Axis works with several subcontractors that are equally important from a capability and capacity perspective. Through agreements, Axis works with production partners and subcontractors in order to ensure safety stocks of critical components. Axis also works closely with large end customers and partners in order to obtain an early insight into their product needs.

Risk	Description of risk	Management of the risk
Quality and product safety	Product quality helps to ensure continued satisfied customers and safe handling and use of the products. There is a risk that defective product quality can cause injuries to people, the environment or property.	Axis works to ensure the highest possible quality in its products and has a well-developed process for handling product defects.
Technical risks	Defects in Axis IT and business systems could impact Axis operations negatively.	Axis has a proactive and systematic approach for a strong IT security, which aims to effectively protect products, solutions and systems. This includes good and rapid incident preparedness and to reduce the risks through increased knowledge in vulnerability management and measures at incidents.
IT security	Ensuring good IT security in products and solutions is crucial in protecting customer privacy during incidents. If Axis products are not perceived as safe, it can impact Axis and the company's stakeholders negatively.	In Axis research and development operations, great importance is attached to producing very safe products and solutions. In addition, Axis works continually with training of partners and end customers in relation to how products, solutions and services should be installed and used safely. When defects are discovered, Axis has an organization and routines in place to immediately take corrective measures.
Personal integrity	If Axis cameras are used in a way that violates personal integrity and human rights it can also impact Axis' reputation.	End users are responsible for how surveillance cameras are utilized and for how video material is stored. Axis is careful with its choice of partners and informs its partners to ensure as far as possible that network cameras and solutions are installed and used correctly, that video material is protected and stored securely, and that personal integrity is safeguarded. Technological functions enable anonymization and functionality restrictions.
Legislation connected to export control	During international trade and exports, mandatory export control rules may be applicable and can impose requirements to hold permits for exports of some products to specific countries. In addition, there are economic sanctions and embargos in relation to some parties and countries. Failure to comply with applicable export control legislation can - in addition to sanctions such as an export ban, penalties and financial restrictions - also affect Axis negatively by giving the company a poor reputation in the market.	According to the Axis export control compliance policy, Axis shall follow all applicable export control laws that apply to the company's operations. Axis has an internal export control compliance program, which sets the framework for Axis' internal work with export control. The program is updated and adapted regularly. Some of the program concerns training within export control for Axis employees. Axis has internal resources with competencies within export control and also engages external advice when needed.
Intellectual property risks	Axis is party to various disputes as part of its day-to-day business operations, including in the patent field, with the risk of costly and protracted disputes.	The exposure to intellectual property risk in the patents area is managed by Axis specialists, in collaboration with external lawyers and advisors. Axis conducts an active patent strategy in order to safeguard investments in core technology and intellectual capital.
Business ethics	<p>Corruption If Axis personnel, suppliers, distributors and partners involve themselves with bribes or another type of corruption, or in another way act unethically, as well as potentially constituting a violation of the law, it may impact Axis and the company's stakeholders negatively.</p> <p>Unethical context If Axis cameras are used in an unethical context, it may have a negative impact on Axis and the company's stakeholders.</p>	<p>Corruption All employees and the board shall comply with Axis code of conduct and Axis global anti-corruption policy. Employees shall sign the anti-corruption policy and participate in anti-corruption training. Axis also has a whistleblower and inquiry function, an email address which employees can write to and address questions relating to corruption and report suspected cases of irregularities. Through training, information campaigns and sharing of knowledge, Axis collaborates with its suppliers, distributors and partners.</p> <p>Unethical context Axis personnel participate in training. Axis informs its partners, in order to ensure as far as possible that its products and solutions are installed and used properly.</p>
Risks connected to the workplace, employees and supply of talent	<p>Corporate culture The corporate culture is an important factor behind Axis' successful performance. If Axis does not succeed in retaining its unique corporate culture, it can adversely affect the company's future success.</p> <p>Talent supply Axis is growing strongly. If Axis does not manage to attract and retain talented personnel to reach its goals, it would impact Axis negatively.</p> <p>Lack of diversity, equality and inclusion A lack of diversity and a too homogenous workforce can mean that Axis as a company is not as innovative or dynamic as it could be. If employees or jobseekers cannot be afforded the same opportunities due to gender, ethnicity, religion, sexual orientation, age or other factor, apart from possibly constituting a violation of the law, it may impact Axis and the company's stakeholders negatively from a business perspective.</p>	<p>Corporate culture Axis works systematically on strengthening its corporate culture and on reinforcing its core values, for example through training, during kick-offs, meetings, recruitments, etc.</p> <p>Talent supply Axis has a very careful recruitment process to support the company's aim to bring in people that will thrive in Axis culture. Axis offers good career and development opportunities both locally and globally, training and learning opportunities and competitive working conditions including an inspiring, open and ambitious workplace.</p> <p>Lack of diversity, equality and inclusion Axis takes initiative to activities in order to promote increased diversity and equality and to fight discrimination. The grandparent principle applies during recruitment and in the salary process. An equality analysis of salaries in Sweden is performed. All employees and the board shall follow the company's diversity policy and code of conduct.</p>
Occupational health and safety	If occupational accidents or other types of ill health occur at the workplace, besides being negative for the individuals concerned and potentially constituting a violation of the law, it may affect Axis negatively.	Axis works systematically on creating a safe and pleasant working environment. There are health and safety work done in Axis' countries of presence. In Sweden regular safety committee meetings are held and Axis carries out safety and fire prevention training, work environment training for managers and offers occupational healthcare. All employees follow policies such as Axis' global work environment policy, etc.

Sustainability notes

About Axis' sustainability report

This sustainability report has been prepared in accordance with the GRI standards: core option. The sustainability report also contains Axis' annual Communication on Progress (COP), which is a key component of the company's commitment to the UN Global Compact's ten principles covering human rights, labor, the environment and anti-corruption. Axis has produced sustainability reports according to GRI's (Global Reporting Initiative) guidelines since 2010.

The report has been drawn up in accordance with GRI's reporting principles on stakeholder inclusiveness, sustainability context, materiality and completeness aimed at providing full understanding of Axis' economic, environmental and social impacts during the period. The sustainability report contains the economic, business ethics, environmental and social topics most important for Axis and the company's stakeholders and where the impacts are greatest. It also contains the topics' boundaries and a description of its sustainability governance structure, along with at least one disclosure for each material 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 2019 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.

The sustainability report is not externally audited. Axis publishes its sustainability report annually. The date of the most recent sustainability report is March 28, 2019.



Governance and organization of the sustainability work

Sustainability governance

Sustainability efforts and strategy are based on the ten principles of the UN Global Compact in the areas of human rights, labor, the environment and anti-corruption. Axis follows all applicable national and international laws and regulations. Axis has several group-wide policies, including a code of conduct that all of its employees and the board of directors must adhere to.

The code of conduct is based on the ten principles of the UN Global Compact, the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Group management ensures that all business conducted in the Group is in accordance with good business practice and that it complies with the code of conduct, existing policies and the company's management system.

Sustainability efforts are coordinated by the Environmental Council and the Social Council together with the Sustainability Project Group. During the year, efforts got underway to start a Business Ethics Council, which will be responsible for sustainability matters having to do with business ethics.

Sustainability organization

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 such things as 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 is comprised of representatives from the following functions: Human Resources, Sales, Quality & Environment and Communications. The PR & Corporate Communications Manager is responsible for leading the group's efforts.

Business Ethics Council

During the year, efforts got underway to set up an Business Ethics Council at Axis during 2020. The Business Ethics Council will be responsible for sustainability matters having to do with business ethics. It will promote collaboration between the various departments on matters pertaining to good business ethics. It will be comprised of representatives from group management and relevant functions.

Environmental Council

Axis' Environmental Council works with environmental issues and projects aimed at minimizing the company's environmental impact. The environmental council 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 council. The Environment function is leading the Environmental Council's efforts.

Social Council

The Social Council runs sustainability efforts associated with social responsibility. This includes issues having to do with the work environment, diversity, sponsoring, etc. It is comprised of representatives from group management, Global Sales, Human Resources, R&D, Communications and Legal.

Health and safety committees

Axis has two health & safety committees in Sweden. It is comprised of representatives from HR, Facilities, configuration and logistics centers and safety representatives. A Safety Committee was set up in the Americas during the year, tasked with identifying best practices on safety in the workplace and driving activities related to the topic.

The Sustainable Development Goals

Axis supports the 2030 Agenda for Sustainable Development, actively striving to make a positive contribution to the Sustainable Development Goals (SDGs) and lower the negative impact.



THE GLOBAL GOALS



Goal 1: No poverty

Axis makes an indirect contribution via climate compensation projects to develop local forestry and tree cultivation, which helps improve the living conditions for small farmers. (Targets: 1.1, 1.5)



Goal 3: Good health and well-being

Axis' smart surveillance solutions facilitate better traffic flows, improve traffic safety, send alarms in emergency situations and help detect accidents more quickly, all of which lowers the number of traffic-related injuries and reduces the damages. Axis strives to be a workplace where people feel good and are happy, providing them with a good physical and psychosocial working environment. Occupational healthcare is also offered at many of the company's offices throughout the world. Axis is phasing out hazardous material such as PVC from its products and is working proactively to reduce carbon emissions from the company's own operations. Axis also imposes similar demands on its suppliers. The company applies a precautionary principle on such things as its selection of materials. (Targets: 3.6, 3.8, 3.9)



Goal 4: Quality education

Axis supports training initiatives for young people, offers students the opportunity to conduct their thesis projects at Axis and supports initiatives to encourage women to pursue a career in IT and technology. It also helps newly arrived immigrants gain IT expertise and access to careers in the sector. (Targets: 4.4, 4.5)



Goal 5: Gender equality

Active programs are in place to promote increased equality and diversity. Furthermore, Axis does not tolerate any form of discrimination whatsoever. This has also been made very clear in the supplier code of conduct that the company's suppliers are required to follow. Employees with equal qualifications should have the same salary for identical performance and responsibility. Furthermore, Axis conducts annual pay reviews aimed at identifying and correcting any gender-related pay differences. The company has a conscious recruitment process to boost the number of female employees and to increase diversity. Axis also has a network for its female employees in Sweden. (Targets: 5.1, 5.5)



Goal 6: Clean water and sanitation

Activities have been initiated aimed at lowering water consumption and increasing water efficiency within the organization. Axis conducts audits to ensure that its suppliers are adhering to the supplier code of conduct regarding such things as their emissions to water. (Targets: 6.3, 6.4)



Goal 7: Affordable and clean energy

Axis strives to raise the efficiency of energy consumption in its own organization. Furthermore, some of the technologies developed by Axis help reduce energy consumption during the product usage phase. (Targets: 7.3)



Goal 8: Decent work and economic growth

Axis strives for there to be minimal environmental impact during product manufacturing, along with ensuring that there are decent working conditions and work environments. Axis works both systematically and proactively to ensure that the company's products do not contain any conflict minerals. The supplier code of conduct covers a variety of topics, such as a ban on all forms of child and forced labor, which is followed up during supplier audits. Axis has good working conditions and competitive terms of employment with the freedom to join a trade union and the right to collective bargaining. Furthermore, it strives to counteract all types of discrimination in the workplace and during recruitments. (Targets: 8.4, 8.5, 8.7, 8.8)



Goal 9: Industry, innovation and infrastructure

Smart traffic solutions provided by Axis and its subsidiary are helping increase road safety and lower the environmental impact of traffic on society. (Targets: 9.1, 9.4)



Goal 10: Reduced inequalities

Axis has specific activities in place to counteract discrimination, along with increasing diversity and equality. The company also participates in outside initiatives to promote diversity and inclusion in the workplace. Non-discrimination is a requirement stated in both the Axis code of conduct and the code of conduct for suppliers. Axis pays taxes in accordance with applicable laws and regulations. (Targets: 10.2, 10.3, 10.4)



Goal 11: Sustainable cities and communities

Axis products and solutions contribute to increased security in cities and communities, safer public transport, improved traffic monitoring, prevention of traffic incidents and protection of critical infrastructure. In this way, Axis is helping create smart, sustainable cities. (Targets: 11.1, 11.2, 11.3)



Goal 12: Responsible production and consumption

Axis has implemented systematic procedures for product development, selection and origin of materials, components and packaging to ensure that they meet the requirements on quality and functionality. Simultaneously, there should be minimal environmental impact and limited use of natural resources. For example, Axis is striving to increase its use of recycled materials and raise the efficiency of energy consumption in its own organization and for that of its products. The company applies a precautionary principle on such things as its selection of materials. Axis also strives to ensure that its suppliers use resources efficiently and that they lower their environmental impact. Each year, Axis reports its sustainability efforts in its Annual review and sustainability report. (Targets: 12.2, 12.4, 12.6)



Goal 13: Climate action

Reducing the carbon footprint of Axis' own operations is a priority and the company imposes requirement on its suppliers to lower their carbon emissions as well. Axis documents its risks, monitors and streamlines the logistics chain, implements measures to improve energy efficiency and educates its employees and suppliers. Axis uses carbon offsets for its business travel by air and for some freight by air. Axis has established new environmental goals. (Targets: 13.1, 13.3)



Goal 14: Life below water

Axis imposes requirements and follows up that suppliers lower their emissions, which includes emissions to water. (Targets: 14.1)



Goal 15: Life on land

Axis makes an indirect contribution via climate compensation projects aimed at such things as developing local forestry practices. Doing so helps improve farming, expand forest areas, lower deforestation and safeguard biological diversity. By choosing less hazardous materials, Axis is able to help lower its suppliers' use of chemicals and emission levels. Doing so also creates better circumstances for protecting biodiversity at the end of the product life cycle. Axis also imposes requirements and follows up that suppliers lower their emissions, which includes emissions to land. (Targets: 15.1, 15.2)



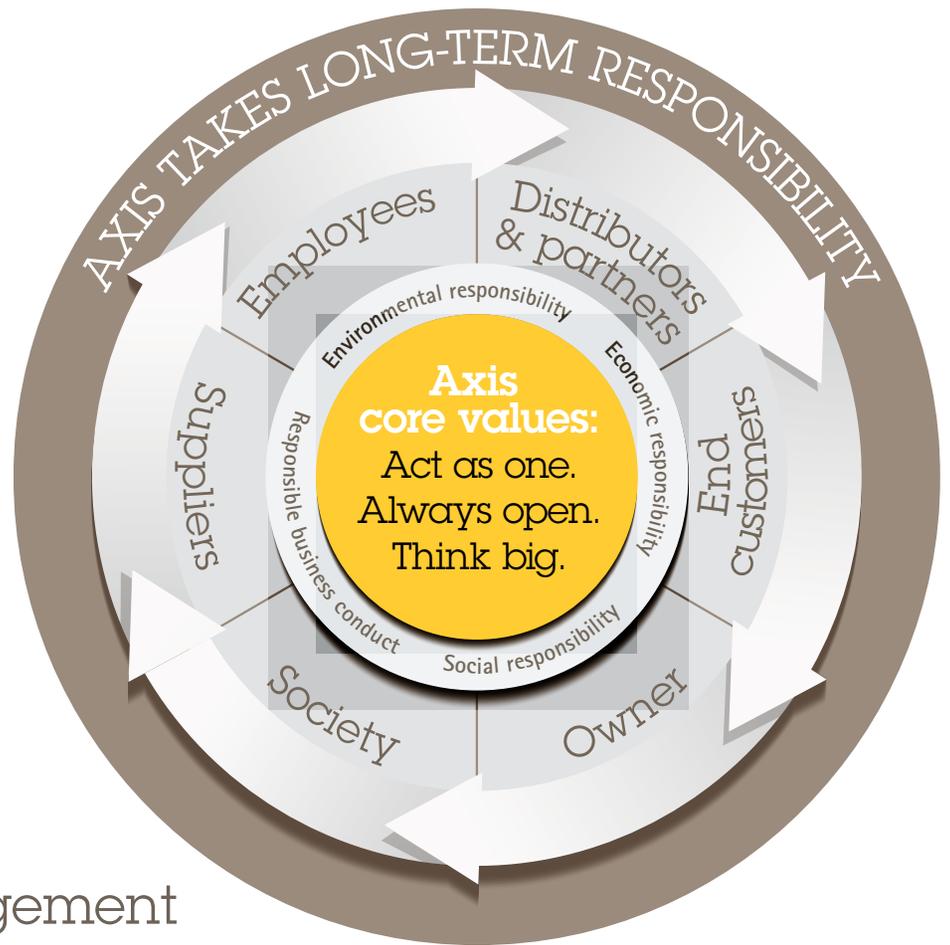
Goal 16: Peace, justice and strong institutions

Axis products and solutions focus on safety and prevention. They help create safer environments and societies. Security systems for protecting customer information also has the absolute highest priority at Axis. Axis has processes, systems and solutions in place to ensure that the company meets all requirements on how personal data must be managed. It also complies with all other applicable laws and regulations. Axis has zero tolerance for all types of bribery and other forms of corruption, striving to identify and manage risks along with providing training to counteract corruption in its own organization and in its relationships with suppliers, distributors and partners. (Targets: 16.1, 16.3, 16.5)



Goal 17: Partnerships for the Goals

Axis collaborates with its suppliers, distributors and other partners to ensure that there is transparency, good business ethics and sustainable behavior throughout the entire value chain. Axis became a signatory of the UN Global Compact in 2007 and it bases its sustainability work on those ten principles. Axis participates in industry initiatives for collaboration, interaction and dialog on promoting sustainability. (Targets: 17.16)



Stakeholder engagement

Axis maintains an ongoing dialog with its stakeholders aimed at increasing its understanding of what matters most to them, along with their expectations on the company's sustainability work and the issues they would like Axis to focus on, from a sustainability perspective. Such engagement helps Axis ensure that it works with the issues that create the most value, improve its sustainability work and achieve progress in the right direction.

Axis takes long-term responsibility for how its operations affect employees, distributors and partners, end customers, suppliers and owner, as well as trade associations and the local community in markets where the company does business. Axis strives to have a continual, open dialog with all of its stakeholders.

Engagement with stakeholders provides Axis with information on which economic, environmental and social issues are most important them, along with their expectations on Axis.

Axis is striving to implement improvements in the areas prioritized by stakeholders and where the company's impact is greatest. Doing so creates value, ensures that the company lives up to its stakeholders' expectations and promotes long-term sustainable business.

Stakeholders are the groups that affect Axis decisions, strategies and its ability to achieve its goals.

Stakeholder groups are impacted both indirectly and directly; economically, environmentally and/or socially by Axis operations. Axis identified its stakeholder groups long ago and it conducts a review to update that information each year. *Owners* has been changed to *Owner* since Canon Group is the sole owner of Axis. The company prioritizes collaboration with its stakeholders highly.

During the year, Axis conducted a web survey with its stakeholder groups. The survey was supplemented by in-depth interviews with representatives from stakeholder groups. The web survey and interviews covered stakeholders' perception of Axis' sustainability efforts, expectations on such, and which sustainability issues are most relevant to them.

The responses were compiled and validated in the company's materiality analysis and more information about that is available on page 64.

Memberships

Axis is a member of for example the Security Industry Association in Sweden (Säkerhetsbranschen), the Security Industry Association (SIA) in the USA, the German Association for Security Technology, ASIS International, the Security Institute in the UK and ONVIF (a global and open industry forum with the goal of facilitating the development and use of a global open standard for the interface of physical IP-based security products). See the table *Stakeholder engagement 2019* for more information on what topics were discussed with the stakeholder groups and the issues most important to them.

Stakeholder engagement 2019

Stakeholder group	Engagement	Key topics
Employees	Web survey with all employees in 2019, local employee surveys, performance appraisals, dialog with trade unions, internal training, in-depth interviews about Axis' sustainability efforts, intranet, meetings, etc.	<ul style="list-style-type: none"> > Health and safety in the workplace > Equality and diversity > Non-discrimination for all employees > Child labor and forced labor > Suppliers' environmental impact > IT security > Hazardous substances in Axis products > Customer satisfaction > Ethics > Protecting customer privacy
Distributors and partners	Satisfaction survey, trainings, web seminars, workshops, meetings, trade shows, social media channels, Axis website, newsletters, etc.	<ul style="list-style-type: none"> > Customer satisfaction > Market presence > Protecting customer privacy > IT security > Anti-corruption > Child labor and forced labor > Environmental impact from products and production
End customers	Surveys in connection with support cases, web survey, social media channels, continuous evaluations, newsletters.	<ul style="list-style-type: none"> > Energy consumption of products > Direct and indirect greenhouse gas emissions > Personal privacy for the users of Axis products > Customer satisfaction > IT security > Business ethics including anti-corruption
Suppliers	Web survey, in-depth interview on Axis' sustainability efforts, trainings, web seminars, Axis website, supplier audits.	<ul style="list-style-type: none"> > Environmental impact, human rights, labor law and labor conditions in the supply chain, including child labor and forced labor > Customer satisfaction > Anti-corruption > Compliance with laws and regulations > Protecting customer privacy > IT security > Non-discrimination
Owner	Meetings, board meetings, the Annual review and sustainability report, the annual general meeting, in-depth interviews about Axis' sustainability work.	<ul style="list-style-type: none"> > Customer satisfaction > Compliance with laws and regulations > Environmental impact of products including energy consumption of products > Direct and indirect greenhouse gas emissions > Energy consumption of own operations > Social responsibility
Society	Web survey, in-depth interviews about Axis' sustainability work, expos and conferences, membership in (and collaboration with) local and international trade associations, social media channels, Axis website, collaboration with universities, exhibitions and other activities for students.	<ul style="list-style-type: none"> > Business ethics including anti-corruption > Personal privacy > Cybersecurity > Gender equality > Standards > Environmental impact from products regarding product development and production (use of natural resources, power usage, GHG emissions) > Compliance with laws and regulations > Economic performance

Materiality analysis

The materiality analysis is based on the outcome of engagement with stakeholders. The materiality analysis shows which topics are most important to Axis stakeholders and for the company, and which have the greatest economic, environmental and social impact.

The results of engagement with stakeholders have been analyzed and considered based on the topics that are most important for Axis and where its economic, environmental and social impact is greatest. It provides the point of departure for the company's sustainability efforts and the basis for its sustainability reporting.

The materiality analysis also reflects what is most important in order for Axis to maintain strong competitiveness and profitable growth, all of which ensures long-term sustainable development. Furthermore, the sustainability report covers other areas vital to the company's success. Compliance with all of the applicable laws and regulations is, of course, fundamental.

Achieving its financial targets and a satisfactory level of sustainable profitability is also key, providing the foundation for the company's long-term sustainability efforts.

Axis bases its efforts on a variety of standards and inputs, such as the GRI Standards, UN Global Compact, world trends and challenges, as well as the company's own strategies, risks and goals. It has also considered the company's contribution to the Sustainable Development Goals.

The materiality analysis was conducted by the Sustainability Project Group and then presented to and discussed with the group management and the board of directors.

The materiality analysis is validated each year. Axis' sustainability work falls into the following focus areas: economic responsibility, responsible business conduct, environmental responsibility and social responsibility. Read more on page 18.

The following material topic has been added since last year: Use of water. This topic was added as part of the effort to update the environmental framework along with specifying the risks and impact throughout the value chain.

For more information on the impact of each topic throughout the value chain, please see pages 20–21.

Responsible business conduct

- > Anti-corruption
- > IT security
- > Customer privacy
- > Protecting privacy
- > Customer satisfaction

Environmental responsibility

- > Beat climate change
 - Power usage in Axis products and solutions
 - Emissions from transports, Axis activities and suppliers
- > Protect natural resources
 - Use of natural resources
 - Use of water
- > Protect ecosystems
 - Use of hazardous substances in Axis products
 - Emissions of hazardous substances by suppliers

Social responsibility

- > Human rights and working conditions in the supply chain
- > Health and safety in the workplace
- > Non-discrimination
- > Equality and diversity

Responsible business conduct

Governance

Responsible business practices

All employees, as well as board members, must comply with the Axis code of conduct, which stipulates the principles, values and guidelines that serve as the foundation for running the business. Axis continually monitors any changes to the applicable laws and regulations. The company also regularly reviews its own policies to ensure that they are both up-to-date and reflecting the latest developments in sustainability in the markets where Axis does business. Employee surveys and performance appraisals are also used for monitoring and to check compliance.

Anti-corruption

All Axis employees, including group management, board members and third parties working on behalf of Axis such as on-site consultants must comply with the Axis anti-corruption policy. They are required to sign documents stating that they comply with the policy and must also every other year participate in training on such matters.

All Axis suppliers that manufacture Axis products are required to comply with the Axis supplier code of conduct, which means adherence to the Axis anti-corruption policy. Axis provides information and training to its suppliers, along with carrying out audits to ensure compliance. The distributor agreement stipulates that distributors must comply with the applicable anti-corruption legislation. Essentially all of Axis' distributors have signed that agreement. Other partners are also expected to comply with the applicable anti-corruption legislation, which is stated in the agreement for the company's Application Development and Technology partners. Compliance is required in order to continue collaboration. Axis provides both training and information to its distributors and other partners. Doing so helps Axis manage the risks, and to the extent possible, ensure that its distributors and other partners behave ethically.

IT security and protection of customer privacy

Company policies and strict internal control systems are essential to minimizing risks. All Axis employees must comply with the company's policies, such as the IT security policy and vulnerability guidelines, which govern how the company manages and responds to security issues. Another example is Axis' responsive support policy detailing the company's commitment to remedy security deficiencies as quickly as possible. Axis Software Security Group is responsible for ensuring that there is compliance with the policies on IT security in products. The group is also responsible for ensuring that the policies are up-to-date. IT Governance and Legal are the functions in charge of leading IT security efforts and they work in close collaboration with the organization's other divisions and functions.

Protecting privacy

Axis complies with applicable laws and regulations on processing and storing personal data, as well as how cameras may be used. The company also closely monitors the latest developments in these areas. Axis became a signatory of the UN Global Compact in 2007 and has followed the ten principles since then, which includes respecting human rights and ensuring that the company is not complicit in any human rights abuses. The company also has its own, more stringent and comprehensive guidelines and policies, which all of its employees must adhere to. Representatives from IT Governance and Legal are responsible for ensuring compliance with the guidelines and keeping them up-to-date.

Environmental responsibility

Definitions

Material free from brominated and chlorinated flame retardants

Halogen-free material is defined as material that does not contain brominated or chlorinated flame retardants (BFR and CFR). Axis has now chosen to use the terminology BFR/CFR-free products, as these substances are in focus. This means that so-called homogeneous material in all parts (excl. printed circuit boards) contains <1,000 ppm of bromine if the bromine source is from brominated flame retardants and <1,000 ppm of chlorine if the chlorine source is from chlorinated flame retardants. All printed circuit boards meet the following threshold values for homogeneous material: bromine <900 ppm and chlorine <900 ppm or in total (bromine and chlorine) <1,500 ppm.

Governance

Legislation and guidelines

Axis complies with applicable legislation and rules, such as the EU's RoHS directive (Restriction of Hazardous Substances) and the EU's REACH regulation (Registration, Evaluation, Authorization and restriction of Chemicals). Axis also applies a precautionary principle on such things as its selection of materials. How this is applied has been clarified during the year. In addition, Axis limits the use of other substances, such as phthalates and beryllium. The list of substances where use should be restricted is updated regularly. Axis has a checklist for indirect materials, which has been updated during the year.

Policies

Axis' environmental policy prescribes that Axis shall minimize environmental impacts throughout its product and solution life cycles and throughout the entire value chain. Axis shall be an industry leader when it comes to promoting environmentally sustainable development. Axis' travel policy encourages less travel, whenever possible. Suppliers are expected to sign and comply with Axis' supplier code of conduct.

Green Design Evaluation Form

The Green Design Evaluation Form is Axis' scorecard for evaluation of the environmental impact of its products, including detailed requirement specifications. The aim is to establish even clearer goals, requirements and guidelines in Axis' product specifications, lowering the environmental impact of its products. The scorecard makes it easier to evaluate various aspects such as the choice of materials, the use of recycled material, optimization of product weight and volume, along with reduction of material waste. The scorecard is used in all development projects. In this way, environmental considerations are integrated in an even better way into the product development process.

Greensoft

Greensoft is a software solution that makes it possible for Axis to more systematically collect and validate data relating to product content. Axis thereby gains a better overview of the content in various materials, which helps to increase the use of materials that have a lower environmental impact.

Environmental statistics

Emissions - Axis operations (CO₂ kg per shipped unit)

2019	2018	2017	2016
5.59	5.84	6.03	5.99

In 2019, CO₂ emissions from operations* per sold unit decreased by 6.6 percent comparing to 2016. 2018 CO₂ emissions from operations were 2.5 percent lower than the 2016 emissions (measured as kg CO₂ per sold unit). In 2017, emissions were 0.6 percent higher than in 2016.

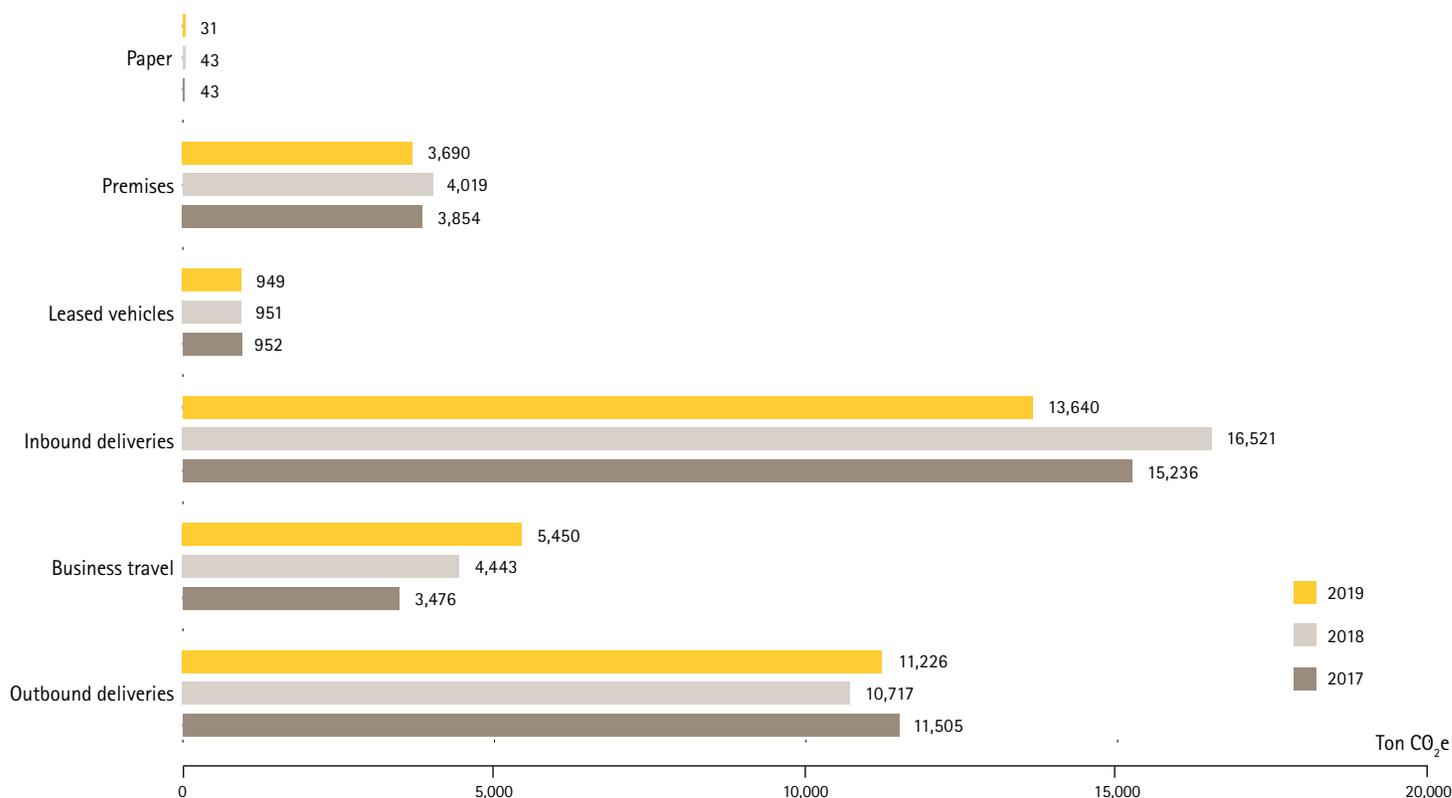
Emissions - Axis transports (CO₂ kg per shipped unit)

2019	2018	2017	2016
3.71	4.09	4.28	4.07

Electricity consumption per employee at Axis HQ, Lund (MWh per employee)

2019	2018	2017
2.2	2.3	2.5

Ton CO₂e per activity



Note: Operations run by Axis, excluding 2N, Citilog, and CLCs that are not owned by Axis, have their own emission targets.

Social responsibility

Definitions

Employees

Permanent employees and employees for a fixed term of at least six months. Employees are expressed as head counts as of December 31, 2019.

Permanent employees

Permanent employees are expressed as head counts as of December 31, 2019. Substitutes (those filling in for employees who are on parental leave or a leave of absence) are not included.

Temporary employees

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. Axis has managerial responsibility for leading the efforts of consultants working on site at the company and as such, Axis is also responsible for their work environment. Employer responsibility, however, lies with the employment agency that has engaged their services. Neither are these consultants typically covered by insurance or occupational health services (as is the case for employees at Axis). That too, is the responsibility of their employment agency.

Absence due to illness

Permanent employees and employees for a fixed term of at least six months are included.

Injuries

Work-related injuries. Minor injuries, which can be remedied solely with first aid are not included.

Data collection

All data is collected in a global system (except for 2N and Citilog, which submit data to be compiled centrally).

Governance

Policies and code of conduct

Axis' values and views on the behavior it expects from its employees are stipulated in the code of conduct. Other policies that apply to all employees, managers and the board of directors include the anti-corruption policy, the working environment policy, the alcohol and drugs policy, the policy against harassment, the diversity policy and the policy for security during trips, where Axis collaborates with International SOS/control risks. There are also local policies in place. All of Axis' policies clearly stipulate the responsibilities of each person.

Occupational health and safety

Occupational health and management system

The routines and systems in place for occupational health and the work environment 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.

Hazard identification and risk assessment

Axis works proactively to prevent risks and continuously conducts 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, risk assessment and other work environment efforts are based on national laws and regulations.

Reporting and investigation of work-related incidents and accidents

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 within the two health and safety committees in Sweden. Furthermore, the safety committees follow up on all incidents quarterly. Annual safety inspections are performed. In addition, a report is issued at the end of each year summarizing all the incidents and accidents that have occurred. In other regions, incidents are dealt with in accordance with national laws and regulations.

Occupational health services

In Sweden, Axis closely collaborates with its occupational health partner, Avonova. The company also has an ergonomist and an external work environment engineer. The HR function arranges internal work environment trainings for all managers aimed at raising awareness of the importance of this work and the role they play. Training varies from country to country, according to the prevailing laws and regulations.

Employee statistics

Employees

The total number of employees is 3,646 as of December 31, 2019. Of the total number of new employees during the year, 29 percent were women and 71 percent men.

	2019			2018			2017		
Type of employment per region and gender	Men	Women	Total	Men	Women	Total	Men	Women	Total
EMEA									
Full time	69%	29%	98%	73%	25%	98%	74%	24%	98%
Part time	0.2%	1.8%	2%	0.6%	1.2%	2%	1%	1%	2%
APAC									
Full time	62%	38%	100%	61%	39%	100%	59%	41%	100%
Part time	0%	0%	0%	0%	0%	0%	0%	0%	0%
Americas									
Full time	70%	30%	100%	72%	28%	100%	72%	28%	100%
Part time	0%	0%	0%	0%	0%	0%	0%	0%	0%
Axis total									
Full time	72%	27%	99%	72%	27%	99%	73%	26%	99%
Part time	0.5%	0.6%	1%	0.4%	0.9%	1%	0.6%	0.7%	1%

Gender and age distribution (%)

			Board of directors	Group management	Employees
2019	Gender distribution	Women	30% (3 women, of which 2 are employee representatives)	11%	28%
		Men	70% (7 men, of which 3 are employee representatives)	89%	72%
	Age distribution	Under 30 years	0%	0%	15%
		30–50 years	30% (including employee representatives)	11%	69%
		Over 50 years	70% (including employee representatives)	89%	16%
2018	Gender distribution	Women	30% (3 women, of which 2 are employee representatives)	20%	28%
		Men	70% (7 men, of which 3 are employee representatives)	80%	72%
	Age distribution	Under 30 years	0%	0%	14%
		30–50 years	30% (including employee representatives)	40%	72%
		Over 50 years	70% (including employee representatives)	60%	14%
2017	Gender distribution	Women	20% (2 women, both employee representatives)	20%	27%
		Men	80% (8 men, of which 3 are employee representatives)	80%	73%
	Age distribution	Under 30 years	0%	0%	15%
		30–50 years	30% (including employee representatives)	40%	70%
		Over 50 years	70% (including employee representatives)	60%	15%

GRI content index

General disclosures

GRI standard	Disclosure number	Disclosure title	Page number(s)	Omissions	UN Global Compact principles
GRI 101: Foundation 2016					
GRI 102: General disclosures 2016					
ORGANIZATIONAL PROFILE					
	102-1	Name of the organization	Cover		
	102-2	Activities, brands, products, and services	4, 14-15, www.axis.com		
	102-3	Location of headquarters	Cover		
	102-4	Location of operations	5, 12-13		
	102-5	Ownership and legal form	76		
	102-6	Markets served	4-5, 12-13		
	102-7	Scale of the organization	5, 74		
	102-8	Information on employees and other workers	50, 68-69	Further data unavailable.	
	102-9	Supply chain	20-21, 42-45		1-6, 8-10
	102-10	Significant changes to the organization and its supply chain	3, 42-44, 76		
	102-11	Precautionary principle or approach	66		7
	102-12	External initiatives	19, 23, 59		
	102-13	Membership of associations	62		
STRATEGY					
	102-14	Statement from senior decision-maker	6-7		
	102-15	Key impacts, risks and opportunities	10, 55-57		
ETHICS AND INTEGRITY					
	102-16	Values, principles, standards, and norms of behavior	22-23, 59, 65		1,2
GOVERNANCE					
	102-18	Governance structure	59, 76		
STAKEHOLDER ENGAGEMENT					
	102-40	List of stakeholder groups	63		
	102-41	Collective bargaining agreements	48		3
	102-42	Identifying and selecting stakeholders	62		
	102-43	Approach to stakeholder engagement	62-63		
	102-44	Key topics and concerns raised	63		
REPORTING PRACTICE					
	102-45	Entities included in the consolidated financial statements	www.axis.com/about-axis/the-axis-group		
	102-46	Defining report content and topic boundaries	20-21, 58, 64		
	102-47	List of material topics	64		
	102-48	Restatements of information	58		
	102-49	Changes in reporting	20-21, 64		
	102-50	Reporting period	58		
	102-51	Date of most recent report	58		
	102-52	Reporting cycle	58		
	102-53	Contact point for questions regarding the report	2		
	102-54	Claims of reporting in accordance with GRI standards	58		
	102-55	GRI content index	70-71		
	102-56	External assurance	58		

The UN Global Compact ten principles

Principle

HUMAN RIGHTS

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 make sure that they are not complicit in human rights abuses.

LABOR

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 the elimination of all forms of forced and compulsory labor;

Principle 5 the effective abolition of child labor; and

Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENTAL

Principle 7 Businesses should support a precautionary approach to environmental challenges;

Principle 8 undertake initiatives to promote greater environmental responsibility; and

Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

GRI content index

GRI standard	Disclosure number	Disclosure title	Page number(s)	Omissions	UN Global Compact principles
Material topics					
GRI 200 Economic Standard Series					
ANTI-CORRUPTION					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 24-25, 65		10
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	24-25		
	205-3	Confirmed incidents of corruption and actions taken	25		
GRI 300 Environmental Standards Series					
MATERIAL					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 39, 66		7, 8, 9
GRI 301: Materials 2016	301-2	Recycled input materials used	39		
ENERGY					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 35-36, 66-67		8, 9
GRI 302: Energy 2016	302-1	Energy consumption within the organization	36, 67		
	302-3	Energy intensity	36-37, 67		
	302-4	Reduction of energy consumption	35-37, 67		
WATER AND EFFLUENTS					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 39, 66		8
GRI 303: Water and Effluents 2018	303-5	Water consumption	39, 42-44	Data unavailable. Axis ambition is that further information will be available next year.	
EMISSIONS					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 35-38, 66-67		8, 9
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	36-37, 67		
	305-2	Energy indirect (Scope 2) GHG emissions	36-37, 67		
	305-3	Other indirect (Scope 3) GHG emissions	35-38, 67		
	305-4	GHG emissions intensity	37, 67		
	305-5	Reduction of GHG emissions	35-38, 67		
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 42-45		8, 9
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	44		
	308-2	Negative environmental impacts in the supply chain and actions taken	42-45		
GRI 400 Social Standards Series					
OCCUPATIONAL HEALTH AND SAFETY					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 47-48, 68		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	68		
	403-2	Hazard identification, risk assessment, and incident investigation	68		
	403-3	Occupational health services	47, 68		
	403-4	Worker participation, consultation, and communication on occupational health and safety	59, 68		
	403-5	Worker training on occupational health and safety	47-48, 68		
	403-6	Promotion of worker health	47-48, 68		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42-45		
	403-9	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	50	Further data unavailable.	
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 48-50, 68-69		1, 2, 6
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	69		
NON-DISCRIMINATION					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 48-49, 68		1, 2, 6
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	49		
SUPPLIER SOCIAL ASSESSMENT					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 42-45		1, 2, 3, 4, 5, 6
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	44		
	414-2	Negative social impacts in the supply chain and actions taken	42-45		
CUSTOMER PRIVACY					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 26-28, 65		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	28		
IT SECURITY					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 26-28, 65		
PROTECTING PRIVACY					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 30-31, 65		1, 2
CUSTOMER SATISFACTION					
GRI 103: Management Approach 2016	103-1/2/3	Explanation of the material topic and its boundary, the management approach and its components and evaluation of the management approach	20-21, 32-33		

Financial summary

2019

2019 was an eventful year with several macroeconomic and geopolitical challenges of which some still remain. That aside, the strong demand for Axis' high-quality products and solutions continued unchanged. New innovative camera concepts and complementing products in Axis' New Business product segment grew significantly faster than the average security market and contributed positively to the overall growth. The year started with filled-up distributor stocks after an extremely strong ending of 2018. Stock levels normalized during 2019. As a result, sales into distribution suffered in relative terms. From a geographical perspective, Americas and Asia performed very well whereas EMEA did not live up to expectations. All in all, Axis has, based on high innovation pace and talented employees, managed to take a new step forward as the core product offerings gradually mature.

Net sales amounted to SEK 11,806 M (10,278) which translates to a growth around 15 percent compared to prior year. Foreign currency effects impacted sales positively by SEK 785 M. The Video category, representing 92 percent of total sales, increased by 14 percent from SEK 9,537 M to SEK 10,876 M while Other sales increased to SEK 930 M.

Net sales in the EMEA region amounted to SEK 3,661 M (3,518) during 2019, corresponding to growth of 4 percent. Growth was negative 1 percent in local currencies.

Net sales in the Americas region amounted to SEK 6,716 M (5,581) during 2019, corresponding to growth of 20 percent. Growth was 11 percent in local currencies.

Net sales in the Asia region amounted to SEK 1,429 M (1,178) during 2019, corresponding to growth of 21 percent. Growth was 14 percent in local currencies.

The Group's operating profit during 2019 amounted to SEK 1,608 M (1,349), which is equivalent to an operating margin of 13.6 percent (13.1). The gross margin amounted to 51.5 percent (52.2). Operating expenses increased by SEK 447 M corresponding to 11 percent due to continued investments in expanding the business.

Axis' global team of employees increased by more than one person per day and amounted to 3,646 at year end. The office expansion in the sales organization continued with some new additional offices as well as improved and expanded offices in existing locations.

During 2019, 17.9 percent (17.6) of sales were invested in R&D within both software and hardware. R&D expenditure increased by SEK 328 M (229) compared to prior year and amounted to SEK 2,043 M (1,715).

The strong EBIT combined with well managed working capital generated a cash flow from operating activities of SEK 462 M (1,124). During the year the total inventory increased from SEK 1,493 M to SEK 1,779 M.

Total investments amounted to SEK 441 M (520) of which SEK 139 M (64) were capitalized product development. The main part of the remaining amount relates to investments in the new headquarter building in Lund. With liquid funds of SEK 1,910 M, Axis is well equipped for future investments in order to drive continued growth.

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).

Multi-year summary

INCOME STATEMENT (SEK M)	2015	2016	2017	2018	2019
Net sales	6,634.7	7,385.7	8,602.6	10,277.7	11,805.9
Cost of goods and services sold	-3,262.2	-3,678.9	-4,143.8	-4,916.0	-5,729.1
Gross profit	3,372.5	3,706.8	4,458.8	5,361.7	6,076.8
Other income and changes in value	-32.6	63.5	-59.7	-19.3	-29.5
Selling and marketing expenses	-1,180.8	-1,353.0	-1,547.1	-1,832.4	-1,986.0
Administrative expenses	-292.2	-298.9	-351.7	-445.4	-410.4
Research and development expenses	-985.7	-1,233.4	-1,486.4	-1,715.3	-2,043.3
Operating profit	881.2	885.0	1,013.9	1,349.3	1,607.6
Net financial items	-0.7	-0.8	-2.9	-0.5	-22.6
Profit after financial items	880.5	884.2	1,011.0	1,348.8	1,584.9
Tax on net profit	-228.4	-245.5	-275.2	-331.2	-353.4
Net profit for the period	652.1	638.7	735.8	1,017.6	1,231.6

BALANCE SHEET (SEK M)	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019
Non-current assets	452.9	1,167.9	1,562.1	1,913.1	2,895.3
Inventories	1,022.2	1,106.5	803.3	1,492.9	1,778.7
Trade receivables	423.0	656.5	780.7	561.5	985.6
Other receivables	124.4	220.1	239.2	319.6	421.5
Current investments	0.0	0.0	93.2	89.3	0.0
Cash and cash equivalents	1,015.8	858.3	1,533.5	2,035.5	1,909.5
Total	3,038.3	4,009.4	5,012.0	6,411.9	7,990.6
Equity	1,741.5	2,352.3	3,075.5	3,958.1	5,231.1
Non-current liabilities	282.2	391.0	357.7	325.2	949.8
Current liabilities	1,014.6	1,266.1	1,578.9	2,128.6	1,809.7
Total	3,038.3	4,009.4	5,012.0	6,411.9	7,990.6

CASH FLOW STATEMENT (SEK M)	2015	2016	2017	2018	2019
Cash flow from operating activities before change in working capital	860.1	772.1	983.7	1,098.3	1,713.4
Change in working capital	-56.9	-50.7	380.3	25.5	-1,251.2
Cash flow from operating activities	803.2	721.4	1,364.0	1,123.8	462.2
Cash flow from investing activities	-180.5	-831.6	-623.7	-520.5	-441.4
Cash flow from financing activities	-21.5	-47.2	-65.1	-101.3	-146.8
Cash flow for the period	601.2	-157.4	675.2	502.0	-126.0
Cash and cash equivalents at the beginning of the period	414.6	1,015.8	858.3	1,533.5	2,035.5
Cash and cash equivalents at the end of the period	1,015.8	858.3	1,533.5	2,035.5	1,909.5

OPERATING CASH FLOW (SEK M)	2015	2016	2017	2018	2019
Profit after financial items	880.5	884.2	1,011.0	1,348.8	1,584.9
Depreciation	103.6	135.8	175.9	198.6	396.0
Tax	-191.5	-209.4	-273.0	-410.6	-416.2
Total	792.6	810.6	913.9	1,136.8	1,564.8
Change in working capital	-56.9	-50.7	380.3	25.5	-1,251.2
Net investments	-180.5	-831.6	-623.7	-520.5	-441.4
Operating cash flow	555.2	-71.7	670.5	641.8	-127.8

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

SEK M	2019	2018
Net sales	11,805.9	10,277.7
Cost of goods and services sold	-5,729.1	-4,916.0
Gross profit	6,076.8	5,361.7
Other income and changes of value	-29.5	-19.3
Selling and marketing expenses	-1,986.0	-1,832.4
Administrative expenses	-410.4	-445.4
Research and development expenses	-2,043.3	-1,715.3
Operating profit	1,607.6	1,349.3
Financial items - net	-22.6	-0.5
Profit before tax	1,584.9	1,348.8
Income tax	-353.4	-331.2
Net profit for the period	1,231.6	1,017.6
Other comprehensive income		
Items that later could be transferred to the income statement		
Exchange differences	41.4	-34.9
Other comprehensive income for the period, net after tax	41.4	-34.9
Total comprehensive income for the period	1,273.0	982.7

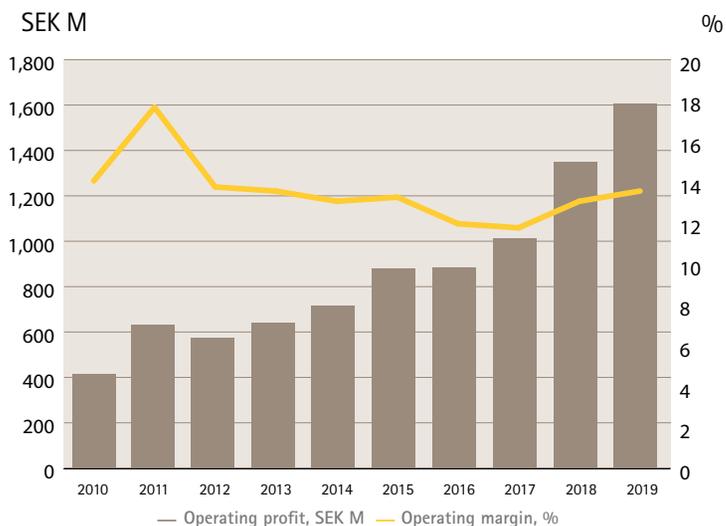
Consolidated balance sheet

SEK M	Dec 31, 2019	Dec 31, 2018
Non-current assets	2,895.3	1,913.1
Inventories	1,778.7	1,492.9
Trade receivables	985.6	561.5
Other receivables	421.5	319.6
Current investments	0.0	89.3
Cash and cash equivalents	1,909.5	2,035.5
Total	7,990.6	6,411.9
Equity	5,231.1	3,958.1
Non-current liabilities	949.8	325.2
Trade payables	562.7	905.3
Other current liabilities	1,247.0	1,223.3
Total	7,990.6	6,411.9

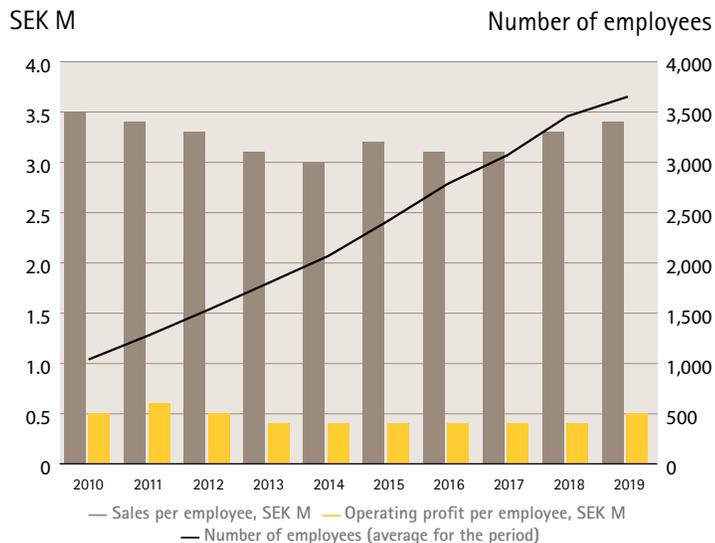
Consolidated cash flow statement

SEK M	2019	2018
Cash flow from operating activities before change in working capital	1,713.4	1,098.3
Change in working capital	-1,251.2	25.5
Cash flow from operating activities	462.2	1,123.8
Cash flow from investing activities	-441.4	-520.5
Cash flow from financing activities	-146.8	-101.3
Cash flow for the period	-126.0	502.0
Cash and cash equivalents at the beginning of the period	2,035.5	1,533.5
Cash and cash equivalents at the end of the period	1,909.5	2,035.5

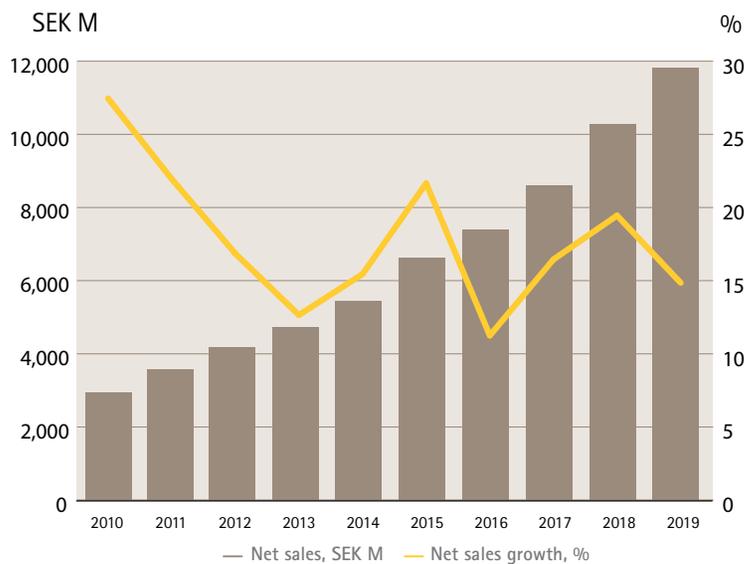
Operating profit



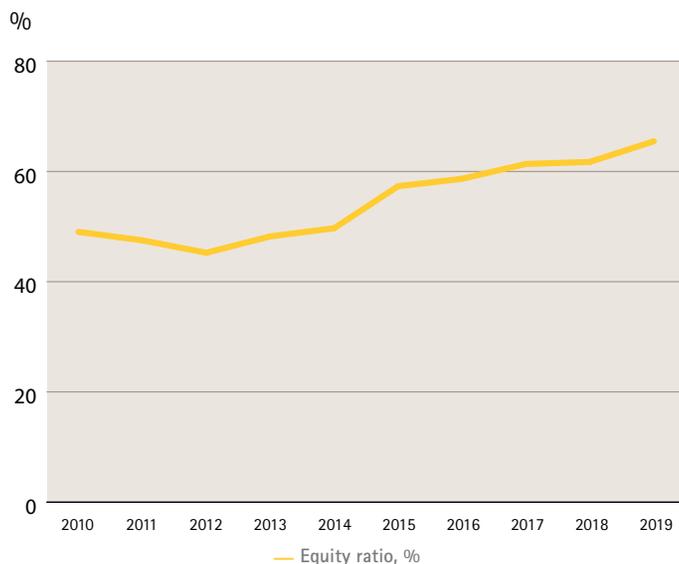
Employees



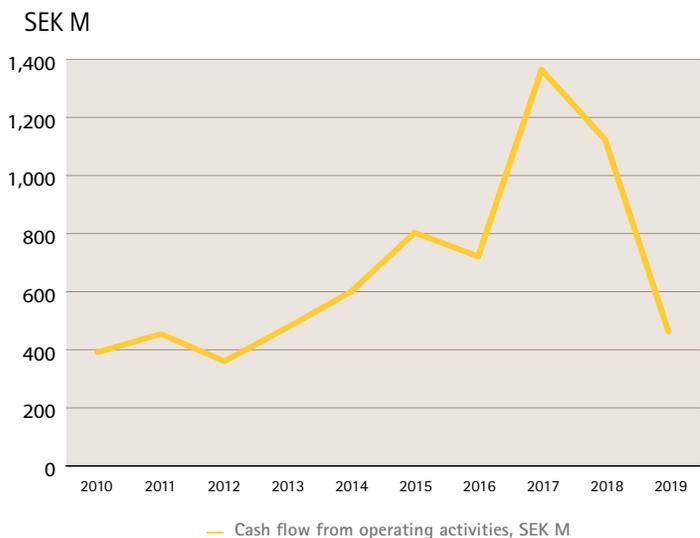
Net sales



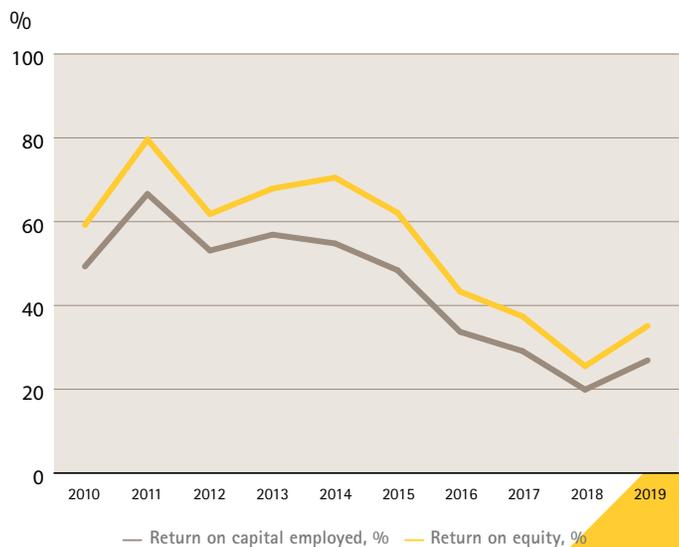
Equity/Assets ratio



Cash flow



Equity



Corporate governance

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

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.

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, is responsible for keeping the board informed of the performance of the operations and for 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 2019, Ernst & Young Aktiebolag was elected as auditor with Johan Thuresson as auditor in charge for the period until the end of the next AGM.

Governance model



Board of directors



Biörn Riese

Chairman of the board since 2015

Born: 1953

Board member since: 2015

Board member of: The Swedish Anti-corruption Institute (IMM), Mercuri Urval Foundation, My Special Day Foundation, Jurie Advokat AB and Arvid Nordquist H.A.B. Education: Master of Laws (LLM) and a Graduate degree in Economic/Business administration, Stockholm University, Sweden Work experience: Mannheimer Swartling Advokatbyrå AB, Carl Swartling Advokatbyrå, service as a law clerk

Principal employment: Senior Adviser and lawyer, Jurie Advokat AB



Martin Gren

Born: 1962

Board member since: 1984

Chairman of: AB Grenspecialisten, Grenspecialisten Förvaltning AB

Board member of: Askero Sagoboks Förlag AB, Eikos Aktiebolag, H. Lundén Holding Aktiebolag, Proact IT Group AB

Education: Lund University, Sweden; Honorary Doctor HC, Lund University

Work experience: Founder of Axis

Principal employment:

Axis Communications AB



Marianne Brismar

Born: 1961

Board member since: 2018

Chairman of: Fam. Knut & Ragnvi Jacobssons Stiftelse and Almi FöretagsPartner Väst

Board member of: Concentric AB, Derome AB, Axel Johnson International AB, JOAB AB and GreenCarrier AB

Education: M.Sc. in Economics, Gothenburg University and Master of Science in Pharmacy, Uppsala University

Work experience: Roussel Nordiska AB, Atlet Group, Special Advisor to Vice President for Nissan Motor

Principal employment: Senior Partner Intercept AB, various board positions



Toshizo Tanaka

Born: 1940

Board member since: 2015

Education: Degree in Economics from Keio University, Japan

Work experience: Various executive positions in the Canon Group

Principal employment: Representative Director & Executive Vice President, Canon Inc. and Chief Financial Officer, Canon Inc. and several executive positions in the Canon Group



Håkan Kirstein

Born: 1969

Board member since: 2015

Board member of: Cherrystone AB

Education: M.Sc. in Economics, Stockholm University, Sweden

Work experience: CEO Eltel Group AB, CEO Niscayah Group, CEO StatoilHydro Sweden

Principal employment: Self-employed



Mats Friberg

Born: 1967

Board member since: 2015

Employed by Axis since: 2000

Employee representative



Malte Lennerstedt

Born: 1970

Board member since: 2017

Employed by Axis since: 2013

Employee representative



Eva Svensson

Born: 1964

Board member since: 2017

Employed by Axis since: 2012

Employee representative

Deputies

Marie Nässlind

Born: 1984

Employed by Axis since: 2014

Employee representative

Dinesh Vinjarapu

Born: 1985

Employed by Axis since: 2018

Employee representative

Group management



Ray Mauritsson
President & Chief Executive Officer

Born: 1962
Employed by Axis since: 1995
Education: Master of Science, Engineering Physics, Lund University, Sweden and Executive MBA from the Institute of Economics, Lund University
Previous employment: TAC
Directorships: HMS Networks AB



Peter Lindström
Executive Vice President Head of Sales

Born: 1970
Employed by Axis since: 2003
Education: Technical Engineer, Lund University, Sweden; degree in Electro science, Executive MBA, EFL Lund University School of Economics and Management
Previous employment: Sony, BPE Broadcast Professional Europe, GoPoint, Gandalf Data
Directorships: Formpipe Software AB



Per Ädelroth
Vice President, Operations

Born: 1966
Employed by Axis since: 1994
Education: Master of Science, Industrial Engineering and Management, Chalmers Gothenburg, Sweden
Previous employment: Accenture AB
Directorships: Color your life by Elisabet Ädelroth AB, JLT Mobile Computers AB (publ) and JLT Mobile Computers Sweden AB



Lars Åberg
Vice President, Marketing

Born: 1966
Employed by Axis since: 2008
Education: Master of Business Administration, Lund University, Sweden; IFL Executive General Management Program, Stockholm School of Economics
Previous employment: Unilever, Ericsson Mobile Communications, Bona Kemi



Fredrik Sjöstrand
Vice President & Chief Financial Officer

Born: 1969
Employed by Axis since: 1998
Education: Master of Business Administration, Lund University, Sweden
Previous employment: E.ON, PriceWaterhouse-Coopers



Jonas Hansson
Chief Information Officer

Born: 1967
Employed by Axis since: 2000
Education: Master of Science, Chemical Engineering, Lund University, Sweden and Degree in Journalism, Lund University
Previous employment: Netch Technologies
Directorships: Creofant AB, Ortelius AB



Fredrik Nilsson
Vice President, Americas

Born: 1967
Employed by Axis since: 1996
Education: Master of Science, Electrical Engineering, Lund University, Sweden; Economics studies at Lund University and Uppsala University
Previous employment: ABB

Signatures

The board of directors has approved this *Annual review and sustainability report* on March 24, 2020.



Johan Paulsson
Chief Technology Officer

Born: 1963
Employed by Axis since: 2008
Education: Master of Science, Electrical Engineering, Lund University, Sweden
Previous employment: Ericsson, Anoto
Directorships: poLight AS, SaFP and Winplantan AB



Malin Svensson
Chief People Officer

Born: 1968
Employed by Axis since: 2011
Education: BSc Human Resources Development and Labour Relations/Employment Law, Lund University, Sweden
Previous employment: Trelleborg, Adecco, Scandlines

Biörn Riese
Chairman

Ray Mauritsson
President & CEO

Martin Gren
Board member

Toshizo Tanaka
Board member

Marianne Brismar
Board member

Håkan Kirstein
Board member

Mats Friberg
Board member, employee representative

Eva Svensson
Board member, employee representative

Malte Lennerstedt
Board member, employee representative

About Axis Communications

Axis enables a smarter and safer world by creating network solutions that provide insights for improving security and new ways of doing business. As the industry leader in network video, Axis offers products and services for video surveillance and analytics, access control, and audio systems. Axis has more than 3,500 dedicated 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. For more information about Axis, please visit our website www.axis.com.

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