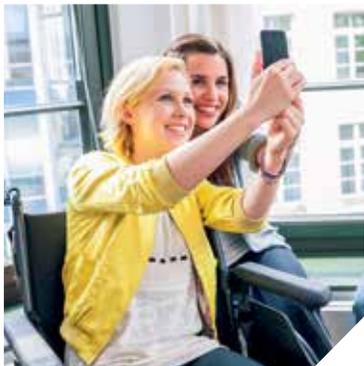


2013 Sustainability report





Axis in 1 minute

Contents

This report is intended to cover the most important sustainability issues for Axis based on their influence on business success and their importance for sustainable development.

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Axis' Sustainability Report 2013 follows the Global Reporting Initiative guidelines level C. Further information may also be found in Axis' Annual Report 2013 and Corporate Governance Report 2013, both of which are published in Swedish and English. These reports and additional information are available at www.axis.com

Number of **countries**
with partners **179**

More than **65,000**
partners

44 **countries**
with Axis employees

Number of **employees**
in the
Axis group **1,627**

4,717 SEK million
in sales

Highlights

- > Axis implemented a program to prevent corruption, bribes and conflicts of interest.
 - Employees have gone through an educational program and signed an agreement confirming Axis' anti-corruption policy. 98 percent of employees at the headquarters in Lund and 100 percent of employees at other offices in the world have completed the training and signed the policy.
 - Axis distributors have signed an amendment regarding anti-corruption to the Standard Distribution Agreement due to Axis policy regarding zero-tolerance against corruption.
- > During 2013, Axis has phased out PVC in several network product series including AXIS P13, AXIS P33, AXIS M30, AXIS M32, AXIS M31 and AXIS M70.
- > Axis has made changes to the design with cost, quality and the environment in focus in the development of AXIS T93F, which means that the number of components has decreased by 84 percent.
 - > The effect of a new design, fewer components and different choice of materials, is that the product's, AXIS T92E, weight has decreased by 50 percent. The packaging has also decreased in size. The packaging volume has decreased by about 75 percent overall, from 32 litres to 8 litres.
 - > Since Axis introduced its Supplier Code of Conduct in 2011, the company's environmental and quality engineers have carried out audits of 111 suppliers in total, of 185 current suppliers (2013).
 - > During 2013, Axis opened two new Configuration and Logistics Centers—in Suzhou, China and in Memphis, USA—that allow Axis to optimize logistic flows by being closer to the market and thus decrease its carbon footprint.
 - > Although Axis has many new employees, as a consequence of a high growth rate, all new employees participate in an introductory course at the headquarters in Lund. For the purpose of implementing the core values, Axis has conducted workshops with the employees, during the year.

Sustainable solutions

for a smarter and safer world

Sustainability is a natural and integrated part of Axis' operations and an important factor behind the company's successful growth. At Axis, we take sustainability into consideration in all business processes as well as throughout the entire value chain. Our corporate responsibility is conducted in three areas: environmental considerations, social responsibility and business ethics, and during the year we carried out important measures in each one of these three areas.

I can confirm with pride that 2013 was a successful year and that we continue our ambition to fulfill our sustainability targets. During the year, our sustainability work also became an increasingly integrated part of the company's business processes and a natural part of the day-to-day operations. This has occurred by clarifying and raising the awareness of sustainability issues both internally and externally, through training courses and workshops, among other ways, which have illustrated what is meant by sustainable operations.

Business ethics in all stages

Axis is a high-growth company with just over 1,600 employees in more than 40 countries and 65,000 partners in 179 countries. As global market leader, Axis aims to drive the shift towards innovative and intelligent security solutions, but the company also aims to act as a standard-bearer when it comes to business ethics. Therefore it is extremely important that all business relationships - between employees, with suppliers, distributors and other partners - are pervaded by ethical behavior in line with Axis' Code of Conduct and the company's core values. All business relationships should be handled in a responsible, transparent, credible and consistent way.

During the year, Axis has taken its business ethics commitment a stage further through a comprehensive anti-corruption program and a new anti-corruption policy. Within the framework of these efforts, all employees have participated in training and have signed an agreement where they undertake to comply with the new anti-corruption policy. For Axis' approximately 100 distributors around the world, this work has involved signing a supplementary agreement to the Standard Distribution Agreement.

Starting from 2013, Axis is imposing stricter requirements on subcontractors. A new requirement relating to conflict minerals has been added to the Supplier Code of Conduct. A webinar regarding the company's material requirements has also been produced. In addition, Axis has drawn up new General Instructions for its component suppliers where requirements relating to the environment, social responsibility, safety and quality have been made clearer.

Greener products and smarter transports

Axis works actively on minimizing the direct and indirect environmental impact of its operations and on limiting the company's climate footprint. Environmental considerations pervade everything from product development, such as in choosing the design and material for products, to logistics flows and the final stage of products. Axis' innovative intelligent security solutions feature leading edge technologies, which are environmentally friendly and energy-efficient in the end user phase.

During the year, Axis has implemented several important measures in the environmental area. We have produced a checklist with guidelines for green product design and have completely phased out polyvinyl chloride (PVC) from several camera series. We have also carried out a survey of bromine in all components in the company's products and we have conducted a comprehensive survey of the minerals tantalum, tin, gold and tungsten, with the aim of preventing so-called conflict minerals.

In addition, we have further improved the efficiency of the logistics chain in order to be closer to our markets and thereby reduce transports. Axis has opened two new configuration and logistics centers, one in China and another one in the US. This will provide increased capacity in the important US market and our presence in China will mean greater proximity to the suppliers that are located in the region.

Axis is also continuing to optimize and reduce the size of product packaging, which is generating a positive effect both on the environmental impact of transports and the volume of consumables.



At Axis, we aim to minimize our climate impact, promote good working conditions and combat corruption and violations of human rights.

Taking long-term social responsibility

Axis' corporate culture is characterized by an entrepreneurial spirit, innovation, openness and development, and is an important factor behind our successful growth. An important measure in strengthening our unique corporate culture was the core values workshops, which essentially all employees participated in during the year. The workshops have aimed to make concrete what is meant by the company's core values -Think big, Act as one and Always open, and to implement these values in the day-to-day work.

Axis' sustainability work also includes social responsibility where the company contributes to charity and provides sponsorship through global and local initiatives. Everyone has the right to feel safe and secure, and Axis' intelligent security solutions help to provide security for citizens, employees and customers all over the world.

Continued long-term commitment

At Axis, we aim to minimize our climate impact, promote good working conditions and combat corruption and violations of human rights. As global market leader as well as a large employer, Axis serves as a role model. We have good opportunities to influence those around us in sustainability questions, to set standards and promote sustainability in the industry, in the same way as we are driving the shift in the network video sector.

During 2014, we will continue to work on making sustainability into an even more natural part of our way of conducting business in all areas where we operate.

There is a tremendous commitment to sustainability at Axis and I am proud of all our employees' initiatives and efforts, which are very important for ensuring continued long-term sustainable and successful growth.

Axis is a global company with employees in more than 40 countries and partners in 179 countries. Axis thereby influences the lives of many people – including customers, employees, suppliers and others. Axis intends to create value for its stakeholders, build relations and take responsibility in financial, social, business and environmental matters.

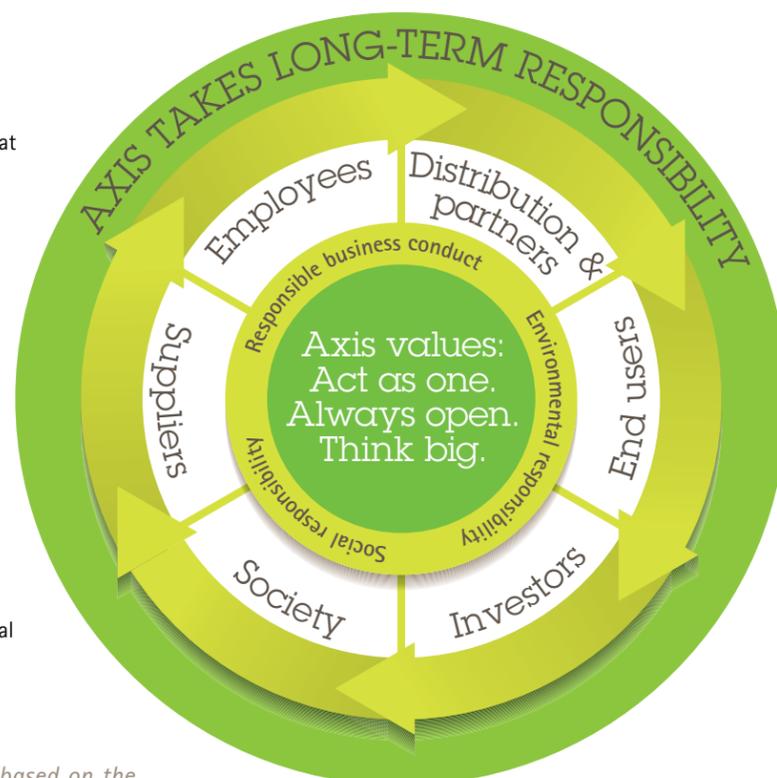
Sustainable governance

Code of Conduct

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

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

Axis became a member of the UN Global Compact initiative in 2007 and has adopted its ten principles in the areas of human rights, labor, the environment and anti-corruption. Axis continuously strives to improve its performance in relation to sustainability. This report meets Level C according to the third edition of the Global Reporting Initiative's guidelines.



Axis's sustainability work is based on the company's core values and is an integral part of its operations. Business conduct, social responsibility and the environment are the three focus areas.



Policies and organization

In addition to the Code of Conduct, Axis has formulated a number of policies that guide the company's sustainability work, including a Business Ethics Policy, and Environmental Policy. As a company listed on the NASDAQ OMX Nordic exchange, Axis also applies the Swedish Code of Corporate Governance.

Sustainability is an integrated part of Axis' business strategy and operations. Despite other decision forums and in order to support continuous improvements at all levels, Axis has created the following organizational framework for its corporate sustainability efforts:

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

> **The Sustainability Project Group** is made up of representatives from the Corporate functions of Human Resources, Global Sales, Quality & Environment and Communications. The group is responsible for the development of sustainability efforts in different areas and for extending the reporting to cover additional areas within the framework of the UN Global Compact initiative.

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

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

Axis in the world

Axis operates in a rapidly changing world and is affected by global challenges such as urbanization, sharp population growth, climate changes, environmental destruction, global conflicts and a growing middle class. The social, political, environmental and economic macro trends are increasing the need for intelligent solutions that enable a smarter and safer world.

Axis is global market leader with offices in more than 40 countries and a broad network of 65,000 partners in 179 countries. Together with its partners, Axis has the world's largest base of installed network video products and solutions and is thus well-positioned to take advantage of the opportunities presented by the global trends.

Urbanization

In 2008, the world crossed a historic threshold when over 50 percent of the global population was estimated to live in cities.¹ The world's urban population is growing by almost 180,000 people every day and the strongest growth is taking place in Asia and Africa. As early as 2030, some 60 percent of the total global population is expected to live in cities, equivalent to about 5 billion people.

Rapid urbanization and increasingly densely populated cities are increasing the strain on critical infrastructure such as transport services and energy. Measurement of traffic flows on roads for example, makes it possible to detect accidents faster and assign rescue personnel. In densely populated cities, demand is also increasing for solutions that guarantee people's security.

A changing environment and global conflicts.

The stream of refugees is increasing in the world due to a number of factors including devastating natural disasters, terrorism, political instability, global drugs trafficking and international conflicts. Above all, this trend is evident in countries where the security situation is already sensitive and where it may be difficult for governments to guarantee the security of their citizens.

Economic growth and global poverty

Economic growth and an expanding middle class are leading to increasing security awareness and are boosting demand for solutions that provide safety in public places, at work and at home. Meanwhile, economic inequality is a growing problem. Countries with significant economic inequalities generally have a bigger problem with violent crime. Today, almost half of the world's population of 6.46 billion people live on less than USD 2.5 per day and over 80 percent live in countries where economic inequality is continuing to rise.²

An increased demand for intelligent security solutions

The global macro trends described above imply an increasing need for intelligent solutions that create a smarter and safer world. Axis is driving the trend within network video, and the rapid technological advancement has enabled new fields of application, new types of integrated solutions and smart surveillance systems.

Globally, there is a growing demand for greater functionality. An example, in the transport sector, is automatic solutions for reading off license plates on roads. There is also increasing demand for specially adapted and flexible solutions and for new types of applications, tailored for specific customer segments. Demand for better image quality, where, for example, recordings can be used as evidence in order to identify persons in legal contexts, is also increasing.

An important driver of Axis' growth is the technology shift from analog to digital video surveillance. The global market for surveillance cameras is expected to grow by 14 percent annually in the years to come.³ In 2014, the market will reach a so-called "tipping point", where digital surveillance systems, which today only account for 30 percent of sales,

are expected to reach 50 percent, and will subsequently show an annual growth rate of 25 percent over the coming five years.

Demand for network video is expected to grow in all market regions. The network video market is still dominated by mature markets such as North America and Europe, but a shift is underway, in which emerging markets are becoming increasingly important.

In Asia, and particularly in China, demand is expected to grow sharply in line with continued strong economic growth and major infrastructural investments. Asia consists of markets that differ significantly from each other, and which are characterized by intense competition.

In the EMEA region (Europe, Middle East and Africa), overall demand for network video is growing. The financial crisis of recent years has primarily had a negative effect on demand in Southern Europe. Demand in mature markets such as the Nordic region and Western Europe has remained stable while Russia has shown strong market growth. Axis generates most of its sales in North America and in Europe, but is well-positioned for continued growing demand in emerging markets.

¹ Latest Publications. *Urbanization: A Majority in Cities: Population & Development: United Nations Population Fund*. N.p., n.d. Web. Dec 6, 2013.

² "Poverty Facts and Stats." - *Global Issues*. N.p., n.d. Web. Dec 3, 2013.

³ "Country & Industry Forecasting | IHS." *Country & Industry Forecasting | IHS*. IHS, n.d. Web. Dec 9, 2013.



Case story

Improved security on Colombian motorways

Axis' partner SIMS Technologies SAS together with the Colombian transport authority, the National Institute of Roads (INVIAS), has developed a system where smart network cameras enable faster and more efficient efforts in connection with road incidents along certain stretches of motorway around the country's capital Bogotá.

In Colombia, strong economic growth, increased productivity and urbanization have meant a greater strain on the country's infrastructure. Traffic on the country's motorways is growing by 5 percent each year. In Colombia, there are also significant security challenges, not just in the form of an ongoing guerrilla conflict but also from criminal groups that regularly carry out kidnappings and robberies on the country's motorways, among other places.

With the aim of boosting security, the transport ministry, the defense ministry and the National Institute of Roads (INVIAS) have created the National Highway Safety Program.

Axis together with its partner SIMS Technologies SAS, has supplied technological solutions and expertise, which has enabled cost-efficient and sophisticated surveillance of large areas of critical infrastructure, and has thereby contributed to creating a smarter and safer society.

The system includes AXIS Q6035-E Dome network cameras featuring HDTV quality, which have been erected at strategic locations in order to monitor more than 1,000 kilometers of motorway. From the INVIAS Road Control and Operations Center, personnel have an automated comprehensive view of the motorways where 44 cameras are equipped with a number of sophisticated technical solutions.

The cameras send an alarm to personnel about potential incidents in realtime. Using the cameras' remote control function, staff can investigate incidents from the control center and when necessary coordinate with the police, security forces and emergency services. Equipment for automated reading of license plates can identify vehicles that are in

motion at speeds of up to 200 km/h, and check license numbers against a list of missing vehicles. In addition, unusual patterns of movement are identified on the roads, for instance, when a vehicle comes to a standstill or turns unexpectedly, after which an alarm is automatically sent to personnel who can investigate potential accidents, breakdowns, robberies or kidnappings. Important entrance and exit roads are also monitored, so that the cameras can detect and send an alarm if there are vehicles that are unlawfully positioned in vulnerable locations.

Colombian public authorities are using Axis cameras and solutions as part of an advanced surveillance system in order to boost safety on the country's motorways, with the aim of reducing the number of accidents and to more rapidly detect and act in connection with criminal actions such as robberies and kidnappings.



2013 Sustainability goal fulfillment

Axis is a global company and thereby influences the lives of many people – including shareholders, customers, employees, suppliers and others in society. Sustainability is an integrated part of our business and Axis is taking long-term responsibility by thinking big.

At Axis, we take long-term responsibility for our actions in relation to our employees, customers, partners and suppliers and also in relation to the environment and society as a whole.

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

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

We conduct our work within three areas:



Environmental Responsibility



Business Conduct



Social Responsibility

Environmental Responsibility

Axis takes environmental responsibility both locally and globally by minimizing its direct and indirect environmental impacts and by engaging in partnerships to protect and promote the health of the ecosystem. Environmental responsibility is a guiding principle in every aspect of Axis' operations from product development to the supply chain and the products' end of life.



Goal



Goal fulfillment 2013

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

Axis' network video products shall preferably have low energy consumption during the end-use phase.

Axis shall reduce its negative environmental impact during transportation of products. CO₂ emissions per ton-km from freight transport shall be reduced by 20 percent in 2016 compared to 2011.

The environmental impact of Axis' products shall be a key consideration from the beginning of the development phase.

Axis shall encourage its customers to switch to more energy-efficient and environmentally friendly products by raising awareness about the environmental aspects of Axis' solutions.

Educate Axis suppliers about the Supplier Code of Conduct and about Environmental and Corporate Social Responsibility requirements.

Reduce electricity consumption worldwide

During 2013, Axis has phased out PVC from the following cameras: AXIS P13 Series indoor and outdoor, AXIS P33 Series indoor and outdoor, AXIS M30 Series indoor, AXIS M32 Series, AXIS M31 Series and from the video encoder AXIS M70 Series.

Axis continued to launch energy-efficient cameras such as infrared cameras (IR) cameras and cameras containing Lightfinder technology. These cameras provide high-resolution images—even in the dark—which is favorable from an environmental perspective, because the need for external lighting is eliminated.

During 2013, CO₂ emissions per ton-km decreased by 3 percent compared to 2011. In 2013, carbon emissions from transports increased from 284 gCO₂/ton-km (2012) to 328 gCO₂/ton-km due to transports of heavy material from one supplier in Malaysia. During 2013, there was an average decrease of 5.6 percent in CO₂ emissions (for Axis-controlled outbound transports) per ton-km to customers, compared to the average CO₂ emissions for 2012.

Axis introduced guidelines for green product design. Axis extensively analyzed bromine content in all components in all its products. Axis commissioned research on the following minerals: tantalum, tin, gold, and tungsten to find out where these minerals are currently found and from where they come—to prevent conflict minerals.

Axis' remote monitoring functionality decreases the products' carbon footprint in the end-use phase because it allows operators to access the video material from any computer.

During 2013, Axis produced two webinars for suppliers regarding supplier requirements and processes for declaring the material content of products.

During 2013, guidelines for efficient use of energy were introduced for regional offices. The total energy use at regional offices (Brazil, USA, Central Europe, North Asia, South Asia, Southern Europe and UK) has decreased by 10 percent compared to 2012. The total energy use at the headquarters in Lund has decreased by 29 percent since 2012, due to investments and increased environmental awareness through environmental education, newsletters and other information channels. Employees are encouraged to always turn off the lights when leaving a room, and to switch off their screens at the end of the workday. Axis has continued to replace traditional lightning with LED lightning and motion detectors have been installed in some of the premises.

Business Conduct

In its business conduct, Axis' goal is that all of its business and relationships should be handled in a responsible, transparent, trustworthy and consistent way.



Goal

All Axis' suppliers, subcontractors and contract manufacturers shall comply with Axis' Supplier Code of Conduct and other relevant policies.

Sustainability shall be taken into consideration throughout the entire business process and in efforts to fight corruption. To achieve this, all employees and distributors shall sign a binding agreement.

Axis' partners shall have knowledge about and understand the company's approach to long-term responsibility and the responsibilities that come with it.

Goal fulfillment 2013

Since Axis introduced its Supplier Code of Conduct in 2011, Axis currently has audited a total of 111 of its suppliers (today Axis has 185 suppliers).

During 2013, Axis implemented an extensive anti-corruption program. Axis implemented a new anti-corruption policy through a company-wide effort involving both employees and distributors. By the end of 2013, 98 percent of Axis' employees in Lund and 100 percent of the employees at other Axis offices around the world had gone through the program and signed an agreement, thereby committing themselves to follow Axis' anti-corruption policy. All of Axis' distributors have signed an amendment to the Standard Distribution Agreement.

At Axis' partner conferences during 2013 – approximately 100 big events and several minor events – partners were informed about Axis' sustainability work. The emphasis on sustainability was also highlighted in the newsletters that Axis regularly distributes to its partners.

Social Responsibility

By showing concern for all stakeholders, Axis actively takes social responsibility and ensures that the company always makes a positive contribution.



Goal

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

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

Axis shall act sustainably by contributing to local communities in places where the company operates as well as globally.

Axis' products shall contribute to a smarter, safer and more secure world.

Goal fulfillment 2013

Axis hired 224 people during the year. New employees based in Lund received a one-day introductory training course while employees based in other countries traveled to the Lund headquarters for a three-day introduction program. Axis invests significant resources in implementing and reinforcing its strong corporate culture; during 2013 almost all of Axis' 1,627 employees attended a core values training course.

Axis' sustainability work is continuously presented at various employee meetings on a local, regional and global level as well as on the Intranet. Axis utilizes ideas from employees about how to improve its sustainability work.

Different activities have been carried out in Axis' sales companies as well as at the headquarters in Lund. For example, Axis initiated a project to help improve education in Tanzania. Other examples of activities include sponsoring charity runs and donating to charitable organizations at both a global and a local level.

Axis' products and solutions were installed in several different customer segments during the year and contributed in many ways to creating safety and security for employees, customers and citizens.

Environmental considerations throughout the entire value chain

Axis is the global market leader in network video and offers intelligent security solutions that enable a smarter and safer world. Axis works to minimize the direct and indirect environmental impact of its operations and thereby limit its climate footprint. The company is continually developing innovative and sustainable network products and solutions, and environmental considerations pervade everything from product development to logistics flows and the final stage of the products.

A greener product choice

Axis works actively to reduce its environmental impact throughout the entire value chain and also throughout the entire product life cycle. This involves ensuring that design, product development, material choice, material origin, components and packaging meet Axis' strict requirements in respect of quality and functionality, while minimizing environmental impacts.

Improved environmental footprint 2013

During 2013, Axis carried out a series of measures aimed at reducing the environmental impact of its products. Firstly, Axis has created a checklist with guidelines for green product design, which was launched during 2014.

Secondly, Axis has completely phased out PVCs from certain Axis camera series. A third important measure has been a comprehensive survey of bromine covering all components in all the company's products. Axis has also carried out a comprehensive survey of the minerals tantalum, tin, gold and tungsten; where they are found and where they come from, with the aim of preventing so-called conflict minerals.

Green design guidelines

For the purpose of integrating environmental aspects into the product development process, Axis has an established Green Product design team composed of environmental, product development and design engineers. The Green Product design team has examined what tools could help to minimize environmental impacts already in the design and development stage. During the year, the team also completed a product design checklist. The aim is to ensure design choices that minimize the products' environmental impact, such as selecting components of as low weight as possible, avoiding use of brominated flame retardants and using recycled plastic instead of newly manufactured plastic.

The guidelines are based on the result of a number of life cycle analyses performed on selected Axis cameras, combined with generally accepted

guidelines for environmentally-friendly product development. The checklist was launched in 2014.

Improved material choice

Axis' cameras mainly consist of aluminium, zinc, steel, stainless steel, PC/ABS (Polycarbonate/Acrylonitrile Butadiene Styrene), PC (polycarbonate), PA (polyamide polymer), PMMA (polymethyl methacrylate), polyurethane, silicone, thermoplastic elastomer and rubber (measured by weight).

For aluminium components, Axis mostly uses recycled aluminium. Axis' goal as far as possible is to use recyclable material and components. Overall, about 95 percent of the material in the products is recyclable or combustible in accordance with Swedish recycling standards.

Axis' long-term goal is to offer halogen-free products, which means that the material contains <900 ppm of the halogens chlorine or bromine, which according to IEC (The International Electrochemical Commission) definition, means the material contains less than 900 ppm chlorine or bromine, or less than 1500 ppm total halogens. Axis initiated the work on being able to offer halogen-free products as early as 2009. Chlorine is mainly found in PVCs, which Axis is in the process of phasing out of its products.

PVC is harmful to both the environment and human health, since it is not broken down in nature, is carcinogenic, and releases toxic substances during its lifetime. Axis has made a lot of progress as regards phasing out PVCs. The following cameras are PVC-free: AXIS P13 Series indoor & outdoor, AXIS P33 Series indoor & outdoor, AXIS M30 Series indoor, AXIS M32 Series, AXIS M31 Series and the video encoder: AXIS M70 Series. Axis is working continually on phasing out PVCs from additional products.

Better environment with optimized product and packaging design

Axis makes continuous efforts to optimize its product packaging in order to reduce freight volume and thereby reduce carbon dioxide emissions during transports. Apart from a positive impact on the environment, transport costs are also reduced.

As far as possible, Axis also chooses packaging material that is recyclable, such as corrugated cardboard instead of foam plastic. In addition, Axis works to optimize the product design, with the aim of achieving positive environmental effects.

75 percent less packaging volume

AXIS T93F Series comprises protective housings indoor and outdoor cameras and complement AXIS T92E Protective Housing Series. Axis has made some changes to the design with cost, quality and the environment in focus. These changes were partly possible due to lower technical requirements, and mean that the number of components has decreased by 84 percent, compared to AXIS T92E Series.

AXIS T92E consists of a plastic housing with an outer aluminium casing in order to function optimally in high temperatures. AXIS T93F has slightly lower requirements

for meeting equally high temperatures, which means that Axis has been able to exclude the outer aluminium casing and design a completely plastic protective housing.

The effect of a new design, fewer components and different choice of materials, is that the product weight has decreased by 50 percent. The packaging has also decreased in size since the protective housing is smaller and the arm of the product has been placed inside the actual housing. The packaging volume has decreased by about 75 percent overall, from 32 litres to 8 litres that has a positive environmental effect on transports.

Post-mounting reduces the packaging

AXIS T91B Mounts is a series of wall mounts for AXIS P55, AXIS Q60 and AXIS P33 Camera Series. The predecessor – the AXIS T91A Mounts, were sent pre-mounted to the customer. By not pre-mounting the arm in the bracket the packaging size has decreased by about 20-40 percent, depending on AXIS T91B model. In addition, the change of packaging material from foam plastic to recyclable corrugated cardboard has contributed to an annual decrease in waste volume of 95 percent, and all packaging material may now be recycled.





Survey of bromine

Bromine is mainly found in brominated flame retardants. During 2013, Axis has carried out a comprehensive survey of bromine in all components in the company's products, which is a first step in being in a position to meet the long-term goal of being able to offer halogen-free products. Axis has identified three areas where bromine and brominated flame retardants may be found: in circuit boards, in electronic components including cables, and in mechanical parts made of plastic.

In addition to applicable environmental legislation and guidelines, such as EU's legislation RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorisation and restriction of Chemicals), Axis has its own list of substances that the company either uses to a limited extent or is in the process of phasing out of its products.

Prevent conflict minerals in the value chain

Axis supports the electronics industry's initiative to prevent trade in so-called conflict minerals, and complies with international trade rules as well as the trade organization Electronic Industry Citizenship Coalition's (EICC) recommendations and guidelines.

Tantalum, tin, gold and tungsten are called conflict minerals in cases where they originate from the Democratic Republic of the Congo and nearby countries, since armed conflicts are ongoing there, and mining operations often contribute to continued conflicts and result in human rights violations.

Guaranteeing that products are free from conflict minerals may be a challenge due to the complexity in tracing the source of the minerals.

In Axis' Supplier Code of Conduct, the company's suppliers undertake not to use conflict minerals. Axis requires suppliers to report the origin of minerals together with a documented routine showing how suppliers and their subcontractors work to ensure that the components only contain conflict-free minerals. In practice, suppliers must report if product components contain tin, tantalum, tungsten and gold and also identify all smelters in the value chain that supply the minerals. Suppliers are also responsible for ensuring that the report covers their subcontractors, and for keeping Axis updated.

Survey of conflict minerals

With the aim of eliminating conflict minerals, Axis has carried out a comprehensive survey where the company has described what minerals are contained in Axis products and where they come from, which is work that is continually ongoing.

More than 60 percent of Axis' suppliers have reported via Electronic Industry Citizenship Coalition (EICC), where they have identified if tin, tantalum, tungsten and gold are found in their products, where they come from, if they have identified conflict-free sources, if they impose requirements on their subcontractors, and that they have reported how their internal processes look for handling the conflict mineral issue. In one case, a subcontractor of one of Axis' suppliers has stated that tin came from a smelter in the Democratic Republic of the Congo conflict region. Axis has demanded that the supplier use alternative smelters for tin, in conflict-free regions.

The table shows to what extent the minerals are used in Axis' products and the number of conflict-free smelters used by Axis' suppliers. Many of Axis' suppliers use more than one metal in components of Axis products. In line with receiving reports from suppliers, Axis will add more smelters to the list.

Suppliers' metal usage

	Tantalum (Ta)	Tin (Sn)	Gold (Au)	Tungsten (W)
Suppliers using metal in components of Axis products	11	37	27	10
Smelters identified by Axis suppliers	28	221	215	68

Optimized and recycled packaging

Axis' product packaging is composed of recycled material, apart from packaging exteriors. The packaging material is composed of PET plastic, PE foam (Stratocell) and corrugated paper mixed with plastic. All packaging material composed of PET plastic is recycled and the corrugated paper mixed with plastic can be recycled, whereas the PE foam (Stratocell) is new material. Axis is phasing out the use of PE foam (Stratocell) in order to replace it with recyclable material.

In addition, Axis is working to optimize its product packaging, since smaller packaging volume has a positive environmental effect on transports. Certain products have also been designed in order to be packaged more compactly. Read more on page 17.

Life cycle analysis

Axis has carried out life cycle analyses on a number of selected camera models with the aim of minimizing the environmental impact throughout the entire value chain. This means that the product's environmental impact is examined from the design stage and choice of material, to the finished product, including the possibility of recycling all or parts of the product, which is important information for Axis' continued environmental work. Between 60 and 80 percent of a network camera's total environmental impact relates to energy consumption when the camera is used by the end customer, and it is here, combined with design and material choice and logistics flows, that Axis' environmental work can result in the greatest improvements.

End of life

In the final stage, the camera is dismantled and broken down. Components that contain hazardous material are separated manually. Larger components such as circuit boards are removed, printed circuit boards are melted down and metals such as gold are recycled. Aluminium, zinc, copper, steel and stainless steel are melted down in order to be reused as raw material. Plastics are recycled in order to be reused in plastic products or to generate energy.

Axis' products are covered by the EU's WEEE Directive (Waste Electrical and Electronic Equipment), which means that the electronics manufacturer/importer has responsibility for ensuring that the product

residues can be utilized separately. Axis is responsible for marking the products in order to ensure that they are not thrown away, but instead go to special waste sorting.

Environmental training

In 2013, 146 employees participated in environmental training. The training aims to provide information about the company's sustainability work, increase environmental awareness and encourage employees to act in a more climate-smart way, both in the day-to-day work and when it comes to development of Axis products. The training has resulted in new ideas and suggestions for improvement about how the company can reduce the energy consumption in its products, how cardboard boxes can be made smaller and how energy consumption in offices can be lowered etc.

CE marking

All Axis' products are CE-marked, and meet requirements under the EU's RoHS Directive (Restriction of Hazardous Substances).

Non-compliance

During 2013, no criticism or complaints were made in relation to how Axis complies with prescribed rules for product content and other important information. During the year, Axis did not receive any significant fines or criticism for deficiencies in compliance with applicable environmental legislation. Nor have other circumstances arisen during the year, which indicate that Axis' products and services would not meet applicable health and safety rules. ◀



More energy-efficient cameras

An important part of Axis' work on developing new sustainable products and solutions is to make the camera's energy consumption as efficient as possible. By energy-optimizing the software, the camera's energy consumption can be reduced with maintained functionality, performance and image quality.

During 2013, Axis has carefully mapped the energy consumption in five different network cameras (AXIS Q1602, AXIS Q1604, AXIS Q6035, AXIS M1143-L and AXIS P3363-VE) equipped with the ARTPEC-4 system chip. By measuring the energy consumption for various functions, such as pan, tilt, zoom, Lightfinder, infra-red illumination and motion detection, Axis has gained an insight into how software and hardware may be advanced in order to create optimal camera settings from an energy standpoint.

A network camera is always switched on, and since the energy consumption at the end user accounts for between 60 and 80 percent of a network camera's total environmental impact, positive effects may be achieved by energy-optimizing software and hardware. Energy-optimization thus means that the camera obtains a longer service life. Through lower energy consumption, the network camera generates less heat, which means less wear and tear on the hardware, while camera performance may be enhanced.

In the next stage, Axis is planning to develop more functions that will enable network cameras to become even more energy-efficient.



Greener surveillance with Axis

An important part of Axis' sustainability strategy is to work on technological development of products with the aim of obtaining more energy-efficient and environmentally friendly surveillance. The environmental advantages of Axis' network cameras compared to analog camera systems may be divided into three main areas – network cameras are decentralized systems that consume less electricity compared to analog surveillance systems, extra light sensitive cameras that can reproduce color images with HDTV quality in darkness, and remote control functions that eliminate unnecessary personnel turnouts and result in fewer service visits.

Between 60 and 80 percent of a camera's environmental impact comes from electricity consumption. Improved energy efficiency has significant positive consequences for both the user and the environment in the form of reduced operating costs, but above all in the form of sharply reduced carbon dioxide emissions.

Apart from the camera system's power consumption measured in terms of carbon dioxide emissions, two other important parameters for measuring the environmental impact are the need for external illumination of areas under surveillance and related power consumption as well as the number of service visits and personnel turnouts caused by false alarms.

More energy efficient cameras are leading to reduced CO₂ emissions

Unlike analog cameras, which are connected to a DVR server, Axis network cameras do not need a server, and therefore consume less electricity since they make up a decentralized system, which is accessible via the Internet. Many Axis cameras are also equipped with Power-over-Ethernet (PoE), which is an energy efficient solution, allowing the cameras to obtain their own power supply through the network cable.

Example, power consumption after five years at an installation consisting of 8 cameras:

A system of eight analog cameras requires a standard DVR-server, which itself has an energy consumption of 60 watts (or 2628 kwh over a five-

year period). A comparable installation of 8 AXIS M3004-V cameras, equipped with AXIS Camera Companion remote access functionality, does not require a DVR-server and instead uses an edge storage solution with a power usage of 9 watts (or 394 kwh over a five-year period).

The AXIS M3004-V and many analog cameras have comparable power usage. But when factoring in server power usage, the analog system uses 7 times more energy than the AXIS M3004 installation. Converted into carbon dioxide emissions, the Axis network camera installation thus generates considerably less emissions than the analog system.

Cameras that see in darkness eliminate the need for external illumination

Axis offers cameras that can reproduce high quality images even in darkness. Consequently, the need is eliminated for external lighting in surveillance of locations with poor lighting. Since Axis' light-sensitive infra-red cameras (IR cameras) and cameras featuring Lightfinder technology offer high-resolution images even in darkness, external illumination is not needed, which is cost-efficient in operating terms and beneficial from an environmental perspective. External lighting is the largest single cost item in surveillance and power consumption from lighting is what generates the most carbon dioxide emissions. In larger systems, the energy savings from cameras that can see in darkness will be even more sizable.



Example of a smaller installation:

A small industrial company uses 12 cameras in order to monitor its premises in an industrial park.

Energy saving:

An analog DVR camera system requires 6 external light sources for illumination of an area under surveillance for 8 hours per day. Over 10 years, the energy consumption for lighting alone would total 70,080 kwh, a cost item and source of CO₂ emissions that could be completely eliminated by using cameras with Lightfinder technology and IR cameras.

Example of a large installation:

A municipality uses cameras for surveillance of schools, libraries and other municipal buildings. The system includes surveillance of 10 locations in total with 12 cameras in each location.

Energy saving:

Over 5 years, there are large differences in the total power consumption, including the cameras' power consumption and possible external lighting, depending on the type of camera:

- > 381,410 kwh for analog cameras
- > 68,330 kwh for IR cameras
- > 34,160 kwh for cameras with Lightfinder technology

Measured in the quantity of carbon dioxide emissions, the energy savings in an installation with cameras featuring Lightfinder technology will result in 91 percent less emissions and an installation with IR

cameras will result in 50 percent less emissions, compared to an equivalent installation featuring analog cameras.

Remote control eliminates false alarms and reduces the need for service visits

All Axis' network cameras are equipped with remote control, which makes it possible for personnel to investigate each incident remotely in order to determine if it is a false alarm or a situation that requires action. According to statistics from leading security companies, a total of 97 percent of all alarms are caused by incidents that do not require an action, such as a strong wind that shakes a fence or small animal movements. Using remote control, the camera operator can investigate and verify each alarm incident before sending out personnel. Axis cameras are equipped with a speaker function, which also makes it possible for the camera operator to communicate directly with a possible intruder.

Remote control is also used for camera management and reduces the need for physical service visits. Using remote control, the operator can conduct troubleshooting, upgrade the camera's software or change the angle of a misaligned camera without having to visit the installation. For larger camera installations, remote management means considerable financial savings and environmental benefits in the form of fewer driving hours and less fuel consumption.

Example of a large installation:

Remote control saves one hour driving time in connection with service visits to 10 installations with 12 cameras each. Over 5 years, remote control will deliver savings of about SEK 2 million (calculated in terms of fuel costs and hourly rates for personnel).

Optimized product design

During 2013, Axis has continued the work on further optimizing the design of its products. The aim is to combine quality requirements with holding down manufacturing costs and minimizing the products' environmental impact.

In the company's AXIS P32 project, Axis has developed a new series of network cameras, the AXIS P32 Series. The cameras, which include both outdoor and indoor models, are designed to meet highly imposed demands in terms of quality and cost, while at the same time they are easy to install and use.

The AXIS P32 design has resulted in both reduced environmental impact and lower production cost. The cameras' external chassis is made of a specially selected plastic instead of aluminium or zinc, which are the materials normally used in outdoor cameras. In order to meet high temperature requirements, Axis uses heat-resistant components, and the sensors in the AXIS P32 cameras are especially heat-resistant. The choice of components and the robust plastic material have made it possible to choose a plastic chassis instead of a metal one, which is normally required in order to conduct heat away and make the camera shock resistant.

Replacing metal with plastic means that the cameras do not need extra components for electromagnetic compatibility and grounding. In the optimized design of the AXIS P32 Series, the cameras also need less screws, nuts, washers and seals. In this project, Axis has been able to reduce the number of camera parts by approximately 30 percent compared to similar camera models while retaining technological functionality. This together with the use of plastic instead of metal has made the camera more than 40 percent lighter compared to similar outdoor cameras, which means that the environmental impact has been reduced in connection with transporting products.

A lower number of parts and a greater proportion of plastic means that the AXIS P32 cameras require less energy during manufacturing. For example, these cameras have considerably reduced the need for environmentally-impacting and health-damaging finishing, such as chromating and powder coating of camera parts.



A reduced climate footprint

Axis works actively to reduce the direct and indirect climate footprint of its operations. This includes more efficient logistics flows as well as responsible water consumption and energy usage. Axis is also conducting comprehensive survey work with the aim of examining how the company can further reduce its climate footprint.

Axis' climate footprint

Axis works continually on improving its climate footprint. Axis' fourth Carbon Footprint Report was completed in February 2014. The primary aim of Axis' Carbon Footprint Report is to describe Axis' emissions of greenhouse gases in order to identify how the company can reduce the greenhouse gas emissions of its operations. Axis has also analyzed the company's environmental impact in accordance with Sweden's Environmental Quality Objectives.

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

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

According to the Greenhouse Gas Protocol, a company is responsible for the emissions that come from the operations over which the company has control. This control may either be measured in financial or in operational terms. The result of the analysis is affected by how a company sets the terms of reference, which needs to be taken into account when considering Axis' results.

During 2013, Axis continued to work on reducing the emissions of greenhouse gases related to the company's operations. Outward freight transportation is the single largest source of carbon dioxide emissions. Axis has had an action plan in order to reduce these carbon dioxide emissions since 2009.

During 2013, Axis' carbon dioxide emissions increased from 13,732⁴ to 18,829 tons CO₂, which represented an increase of 37 percent. The increase was partly explained by an extension of the report's scope, where few more regional offices are reporting carbon dioxide emissions (regional offices in the Middle East and Eastern Europe have been added) and by the fact that the number of transports to and from Axis' configuration and logistics centers has increased. In addition, new guidelines from the Greenhouse Gas Protocol, including requirements for detailed data, have implied improved method of calculating emissions, which has also contributed to the increase. Axis' emissions also increased due to the fact that the company displayed strong growth with new 224 people hired during 2013. Increased sales and procurement of larger and additional premises also contributed. Carbon dioxide emissions relative to sales have increased by 3.28 tons CO₂ to 3.99 tons CO₂ per SEK 100 M (see diagram on next page). The emissions generated by employees relating to energy usage and

⁴ An error was found in the calculation for 2012 and the figure has been corrected from 14,072 CO₂e to 13,732 CO₂e.

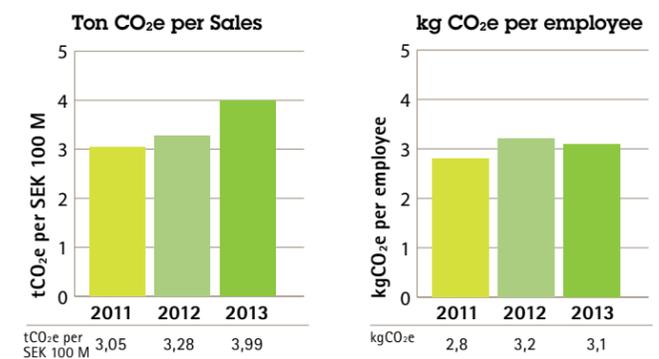


business trips have slightly decreased, from 3.2 kg CO₂ to 3.1 kg CO₂ as a result of taken initiatives towards more efficient energy usage.

During 2013, freight transportation accounted for 74 percent of Axis' total greenhouse gas emissions, and is thus the largest single emissions item. About one third of these emissions are generated by transports from contract manufacturers to Axis' configuration and logistics centers. Deliveries from Axis' configuration and logistics centers to distributors accounted for 29 percent of the greenhouse gases relating to freight transportation. Axis has conducted a comprehensive survey in order to investigate how the company can reduce the environmental impact of freight transportation, and Axis has initiated a number of measures. These measures include initiating cooperation with an additional manufacturer in Malaysia and moving some purchasing to contract manufacturers in Europe (Read more on page 25, Smarter transports and more efficient logistics flows).

Business trips are the second largest source of greenhouse gases, and account for 16 percent of total emissions. However, Axis is working to reduce business trips, which are connected to sales activities and the ambition to be close to our customers. Considerable efforts have been made to limit travel for Axis employees and for our distributors through web seminars and online training.

During 2013, online meetings were conducted for more than 28,000 participants all over the world, which eliminated a large number of business trips for both Axis employees and for people employed by partners. Further measures to reduce carbon dioxide emissions will be taken during 2014.



Logistics and transports

Axis sells its products via an indirect sales model, where the company sales are made to distributors, that in turn sell to system integrators and resellers, that sell to the end customer. Axis has a total of 65,000 partners in 179 countries.

Axis chooses suppliers as close to each market as possible and uses ship and road transportation as much as possible instead of air freight. Climate-compensated air freight is used for individual product deliveries.

Axis has an overriding goal of reducing its total carbon dioxide emissions per ton-kilometer by 20 percent by 2016, compared to 2011.

Since 2011, Axis has reduced its carbon dioxide emissions per ton-kilometer by 3 percent. Some of Axis' transport partners offer carbon dioxide-neutral transports, and in 2013 Axis' climate compensation was 528 tons CO₂. Axis is working continually on improving the efficiency of its logistics flows. Read more about transports on page 25.

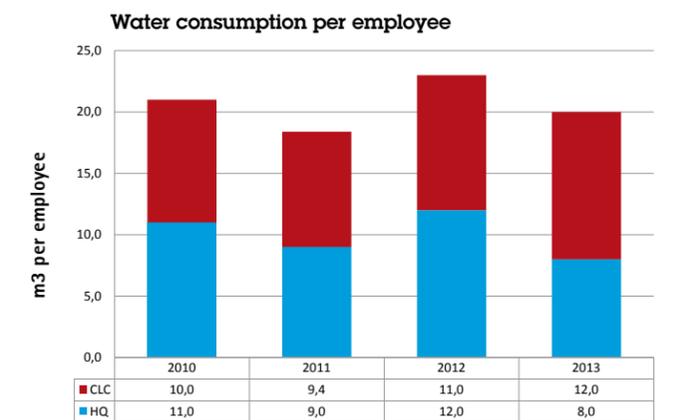
Manufacturing

Axis currently collaborates with 6 contract manufacturers and more than 100 strategic component suppliers. Contract manufacturers in China, Mexico, Poland, Thailand, Slovakia and South Korea produce Axis' printed circuit boards and assemble complete products. The strategic component suppliers are found all over the world. Manufacturing processes such as compression moulding/pressure casting, injection moulding of plastic and finishing require the use of energy, water and chemicals and generate emissions to air and water. Where production takes place, there is a risk of pollution and waste of resources, and there are also working environment-related risks associated with the handling of hazardous chemicals.

Axis works close to its suppliers that must comply with Axis' Supplier Code of Conduct. This includes requirements that suppliers must control energy usage, emissions, handling of chemicals and waste, and that they have well-functioning water and air purification systems. Axis conducts training and regularly audits its suppliers in order to ensure that they comply with the company's requirements. Read more about supplier audits on page 28.

Water consumption

Water consumption data is gathered from Axis in Lund, where approximately 1,200 of Axis' employees are based. Axis' facilities use the municipal water supply, which is supplied by Lund Municipality. The water extraction sources are not designated as protected areas and have no value in terms of biological diversity. Axis does not use any process water but only water for cleaning, toilets, for drinking etc., and thus no water recycling takes place. The quantity of water used by the employees in Lund in 2013 decreased compared to 2012. Water consumption per employee has decreased by 12 percent compared to 2012. The decrease may be explained by increased environmental awareness among employees.



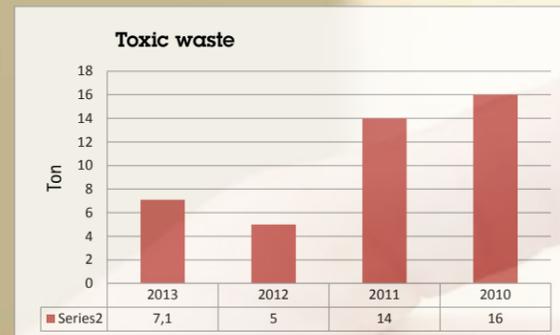


Chemicals and waste

Waste from Axis in Lund is collected by the Lund public cleansing service, which is responsible for waste management in Lund Municipality. All waste management occurs in accordance with national legislation. The volume of non-toxic waste has increased somewhat, from 176 tons in 2012 to 177 tons in 2013. The increase was due to the company's growth, an expansion of premises and more employees. Of the non-toxic waste, 54.7 percent was recycled, 44.6 percent was burned and 0.7 percent went to landfill.

The non-toxic waste from Axis mainly consists of domestic waste. The non-toxic waste from configuration and logistics centers mainly consists of corrugated cardboard. The toxic waste consists of office electronics, batteries and light bulbs. The toxic waste increased slightly during 2013, to 7 tons in 2013, on account of the company's growth. Of these 7 tons, 90 percent was recycled, 9 percent was burned and 1 percent went to landfill.⁵

Axis is a company with a high growth rate and is working continually to reduce its volume of waste by continuing to boost environmental awareness among employees and by improving its resource management.



Material

Environmental impacts and consumption of material in Axis' own operations are primarily related to use of office supplies. Axis has a goal of reducing its use of photocopying paper per employee in Lund.

In 2013, each employee used 4.3 kg of photocopying paper per year (5.7). The decrease was partly the result of increased environmental awareness on account of the environmental training conducted during 2013, and partly due to double-sided printing becoming a standard setting in all printers.

Energy consumption

Axis has an overall goal of reducing power consumption not only locally in Lund where most employees are based, but also globally. During 2013, guidelines for efficient energy usage were introduced for regional offices in order to ensure efficient use of energy. The total energy usage at regional offices (Brazil, USA, Northern Asia, Southern Asia, Southern Europe, the UK, Germany and the Netherlands) has decreased by 10 percent compared to 2012.

Axis Communications' facilities in Lund, where 76 percent of all employees are based, receive electricity from external companies and the energy mix varies depending on the location: Emdalavägen, Scheelevägen or Maskinvägen. The energy consumption from the facilities in Lund is included in the Carbon Footprint Report. The total energy usage at the headquarters in Lund has decreased by 29 percent from 2012 to 2013, as a consequence of investments carried out in 2012 and increased environmental awareness. Since Axis leases its premises, larger investments to reduce energy consumption can only be made on the initiative of the landlord. Axis has continued to replace traditional lighting with LED lighting and motion detectors have been installed in several places in the premises. In order to further reduce energy consumption at premises, employees are encouraged to always switch off the light after use, and also turn off screens and computers.

Biological diversity

Axis neither owns, leases nor manages land. Neither has the company any operations in places identified as protected areas with a high value in terms of biological diversity, nor any operations located nearby protected areas.

Non-compliance

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

Smarter transports and more efficient logistics flows

During 2013, Axis continued to work actively on reducing its climate footprint in connection with transports and to improve the efficiency of logistics flows. Axis chooses suppliers that are based as close to each market as possible, and uses ship and road transportation as much as possible instead of air freight.

Axis prioritizes sea transport from suppliers to configuration and logistics centers around the world, while air and land transportation is used for transportation of Axis' products to distributors and resellers. Climate-compensated courier transport services are used for individual product deliveries.

Continued reduced climate impact

Axis has an overriding goal of reducing the total carbon dioxide emissions per ton-kilometer by 20 percent by 2016, compared to 2011. After two years, Axis has reduced its carbon dioxide emissions per ton-kilometer by 3 percent, which is a slightly lower reduction than expected.

Axis has reduced its carbon dioxide emissions considerably in outbound transports, in other words transports from configuration and logistics centers to distributors, whereas carbon dioxide emissions from inbound transports, in other words transports from contract manufacturers to Axis' configuration and logistics centers, have increased.

Carbon dioxide emissions from outbound transports have decreased from 531 to 501g CO₂ per ton-kilometer and carbon dioxide emissions from inbound transports have increased from 115 to 253g CO₂ per ton-kilometer. The increase was due to transports of heavy material that Axis buys from Malaysia. To meet demand from customers, Axis has needed to use air freight from Malaysia.

Axis has now temporarily increased inventory levels in order to be able to use sea transport to a greater extent. To boost capacity, Axis is also initiating collaboration with an additional manufacturer in Malaysia, and is moving part of its purchasing to existing contract manufacturers in Europe. This has also resulted in shorter lead times to the European and American markets. With these measures, Axis expects to be able

to significantly reduce air freight from Malaysia to Europe and the US, and reach its target of reducing total carbon dioxide emissions per ton-kilometer by 20 percent by 2016.

Measured in percentage terms, the share of inbound air transports has increased from 26 percent in 2012 to 43 percent in 2013. Since carbon dioxide emissions from air transport are much larger than from ship and truck transports, the increase has had a significant effect on Axis' results for 2013 in respect of carbon dioxide emissions.

Closer to the market

Axis uses suppliers that are based as close to the market as possible in order to streamline logistics flows. Cooperation with two new contract manufacturers – one supplier in China and one supplier in Mexico – was initiated in 2012 and has resulted in shorter transport routes to the Chinese market and to the US market, which is a key region for Axis.

New configuration centers in the US and China

Axis' goal is that the company's products should be configured as close to the final destination as possible. During 2013, Axis opened two new configuration and logistics centers: in Suzhou, China and in Memphis, USA. The increased capacity makes it possible for Axis to receive larger volumes. Increased capacity in the US market and establishment of a configuration and logistics center in the Chinese market means decreased delivery costs, shorter transport distances and delivery times to distributors, and that less carbon dioxide emissions are generated from product transports. In the case of China, this also means shorter transports from contract manufacturers to Axis' configuration and logistics centers, since several of the company's suppliers are based in the region.

Reduced packaging

Axis is continuing to optimize and reduce the size of its product packaging, which is generating a positive effect on the environmental impact of transports. Read more on page 17.



Axis' products are sold via an indirect distribution model. Sales take place to distributors that sell the products on to Axis resellers and system integrators, that in turn sell to the end users. Axis has approximately 65,000 partners in 179 countries.

Axis' Configuration and Logistics Centers represent the heart of the company's logistics flow and are found in Sweden, the Czech Republic, Hungary and the US, and also in China since 2013. The products are transported in bulk from the contract manufacturers to the configuration and logistics centers. The products are completed and software as well as other accessories are added, and they are subsequently packaged and transported to Axis' distributors.

5 Source: Stena Metal

Business Conduct

Axis' business model is based on long-term relationships with partners. Business relations should be handled in a responsible, transparent, credible and consistent way. As global market leader, Axis aims to drive the shift towards innovative and intelligent security solutions together with partners, and also to act as a standard-bearer when it comes to business ethics.



Business ethics in all stages

Axis has a transparent corporate culture and all of the company's business relationships are characterized by an ethical approach. Axis complies with the guidelines from the UN's Global Compact as well as export control regulations. In addition, Axis has a business ethics policy with guidelines for how Axis' business relationships shall be conducted, a business ethics council that takes decisions on ethical issues, as well as an export control policy.

Zero tolerance against corruption

Axis has zero tolerance against corruption, and as market leader the company works proactively to prevent and counter corruption in the entire industry. In 2013, Axis conducted a number of initiatives with the aim of further improving its work in relation to business ethics. One measure was to develop a program targeted towards employees and distributors with the aim of countering corruption, bribes and conflicts of interest.

In 2013, Axis also introduced a whistleblower function. This consists of an e-mail address to which employees can send an e-mail if they discover or suspect something improper. Employees can also use it to ask questions about how they should handle specific situations. The e-mail address goes to a group of people, including representatives from the company management.

Anti-corruption program

Axis' anti-corruption program is directed towards all employees and distributors and includes a new anti-corruption policy, a training program for all employees and a supplementary agreement for all distributors. The program is an important part of Axis' proactive and long-term sustainability work and is a way to fight all types of corruption, and also helps to clarify Axis' approach both internally and externally.

Employee anti-corruption program

Axis' employees throughout the world have participated in a training program and also signed an agreement where they confirm that they have understood and will comply with Axis' anti-corruption policy. The aim has been to learn the rules and regulations and Axis' values, and also to be able to use and practice these values in everyday situations. The initiative was taken by people in Axis' sales company who wanted to have clearer support and guidelines in everyday commercial situations, which can sometimes be difficult to manage. Now it has been made even clearer that the employees have the management's support in declining business that does not feel right.

Axis has just over 1,600 employees in over 40 countries, and 98 percent of employees at the headquarters in Lund and 100 percent of employees at other offices in the world have completed the training and have signed the policy. Employees must sign a binding document on an annual basis.

Supplement to the distributor agreement

Axis' more than 100 distributors have undertaken to comply with Axis' zero tolerance against corruption by signing an addendum to the distributor agreement, where they commit to complying with applicable legislation against corruption and bribes.

Axis also informs other partners about its anti-corruption work. Axis informs its partners at partner conferences as well as via newsletters that are sent to all partners.

Code of Conduct for all business relationships

All employees are expected to act in accordance with Axis' Code of Conduct. The Code of Conduct is Axis' set of rules governing how

employees should act in their own operating environments and how they should handle business relationships with partners as well as other stakeholders. The Code of Conduct establishes how employees should deal with issues in the areas of human rights, labor, the environment and anti-corruption. The Code of Conduct is based on the UN's Global Compact framework for business ethics, which Axis joined in 2007, the UN's Universal Declaration of Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Loyal and long-term relationships with partners

Axis is the market leader in network video, and has a global presence thanks to a well-structured partnership program with 65,000 partners in 179 countries. Together with its partners, Axis has the world's largest base of installed network video products and solutions. Axis' relationships with partners are long-term, and the company provides its partners with knowledge, skills and innovative products in existing and new markets.

Axis has several programs for its relationships with partners such as the Application Development Partner program, the Channel Partner program, the Architecture & Engineering program and the Technology Partner program. In the framework for Axis Communications Academy, more than 35,000 people have participated in training since 2005 in the advantages of network video.

Axis has an indirect sales model and therefore does not have an insight into all projects. This indirect business model means that a large part of the responsibility for production, distribution and installation of Axis' products rests with the company's partners, in other words suppliers, distributors, resellers and system integrators. Axis thus informs its partners carefully about the company's view of sustainability and about Axis' Code of Conduct.

In 2013, a Global Customer Satisfaction Survey was conducted by Axis. The survey was sent out to customers in 41 countries. The overall survey results shows that 80 percent of Axis' partners are highly satisfied with sales channels, an increase with 6 percent compared to 2010, when the last survey was conducted. Product quality, the range of Axis services and Axis people are highly valued by a large majority of respondents and drive their satisfaction.

Supplier Code of Conduct

Axis works with a number of carefully selected strategic suppliers and subcontractors. Apart from price, the selection criteria also include quality, ethics and flexibility. All suppliers must sign and comply with Axis' Supplier Code of Conduct, which established business ethics requirements in respect of environmental considerations, working environment and safety, among other areas. Axis continually audits its suppliers to obtain assurance that they comply with these requirements. This includes factory inspections as well as interviews with management and workers. Read more about supplier audits on page 28.





Clearer guidelines for zero tolerance against corruption

During the year, Axis carried out an anti-corruption program directed towards distributors and employees. The program was positively received in all markets, both by distributors, that signed an addendum to the distributor agreement, and by employees, who participated in training and signed an agreement in which they undertake to comply with Axis' anti-corruption policy. Anna Forsberg, Regional Director Eastern Europe, Axis Communications, believes that the company's position has now become even clearer when it comes to zero tolerance against corruption.

"Corruption is a reality in many places, particularly in emerging markets. Axis' indirect sales model means that we are usually far from the point when the transaction is agreed with the end customer, and for this reason we are not so directly exposed to the problem. But it is extremely important that our personnel pay attention to the risk and that we have a process in place to handle the situation if suspected irregularities in any transaction should arise."

What needs did the anti-corruption program identify?

"There was a need for documented global guidelines, even though a lot of the program's contents may seem obvious to large parts of the organization. Our employees should have absolutely no doubt that we have a policy of zero tolerance against all types of bribes and corruption. As market leader, we should take the lead in terms of taking responsibility and we should serve as an example, both for our customers and for our competitors."

How have your customers, distributors reacted to your clearer guidelines?

"Our customers have generally welcomed this initiative and view it a further aspect of Axis' leadership in the market. Our distributors range from global companies to small local companies and they are working systematically themselves with this question to a varying degree."

How have your employees reacted to the program?

"Very well. Axis has a high growth rate and has hired many new employees. Even though Axis managers were in agreement on how the company should act against corruption, there was a need for common guidelines and for active efforts in relation to the issue, as well as for clarification about how employees should act in various situations that can arise."

What are the greatest benefits of the anti-corruption program?

"The company has noticed that the corruption problem exists, and has given the employees rules for how they should act, while Axis has clarified its position to the distributors. We maintain a very high standard of ethics in all our business relationships, and we are continuing to work actively with these questions. We work according to our values in our daily contacts with customers and suppliers, which means that we combat all forms of corruption."

Supplier audits

Axis has close and long-term relationships with its suppliers and has a careful process for choosing what suppliers to work with. All suppliers comply with Axis' Supplier Code of Conduct, which establishes business ethics standards in accordance with the UN Global Compact's ten principles in the areas of human rights, labor, environment and anti-corruption.

As global market leader, Axis has a great influence on the network products industry, and the company works actively to ensure that all products are manufactured in a long-term sustainable way.

Increased shared view and clearer requirements

During 2013, Axis carried out a number of measures in order to further improve the sustainability work among manufacturers of the company's products. These measures are also aimed at creating an even better shared view on sustainability issues between Axis and its suppliers.

An important measure has been increased training of suppliers, including two webinars. One webinar covers the requirements that Axis imposes on suppliers, which includes comprehensive training about Axis' sustainability work, Supplier Code of Conduct, chemical management requirements, good working conditions and safe working environ-

ments, environmental management system such as identification of environmental aspects and establishment of relevant environmental targets. The second webinar focuses on Axis' requirements in relation to content of products, such as the importance of material declarations, reporting of material content, what laws suppliers shall follow etc. The webinars were launched during 2014, and the aim is that all suppliers should participate in the webinars during the year.

Axis also organizes supplier conferences in order to create a shared view of future opportunities and challenges in collaboration with suppliers. In May 2013, a three-day conference was held where 35 of Axis' most important suppliers participated. At the conference, Axis reviewed its sustainability requirements for existing and future suppliers. Further training initiatives are concurrently underway.

Axis has also drawn up new General Instructions for its suppliers of components. The new instructions clarify requirements in the areas of environment, corporate social responsibility, safety and quality.

In addition, a new requirement was also added to the Supplier Code of Conduct in relation to conflict minerals. Read more about conflict minerals on page 18.

Axis has 185 current suppliers (2013). Since Axis introduced its Supplier Code of Conduct in 2011, the company's environmental and quality engineers have carried out audits of 111 suppliers in total, of which 39 were in China, 31 were in the rest of Asia, 37 were in Europe and 4 were in North and Central America.

The suppliers that have not been audited are European and American suppliers of printing material and cardboard, larger electronics and accessories suppliers such as Sony, Panasonic and Hitachi as well as agents and distributors of electronics components. Suppliers that are being phased out have not been audited either.



Chemical management, working environment and environmental management systems in focus

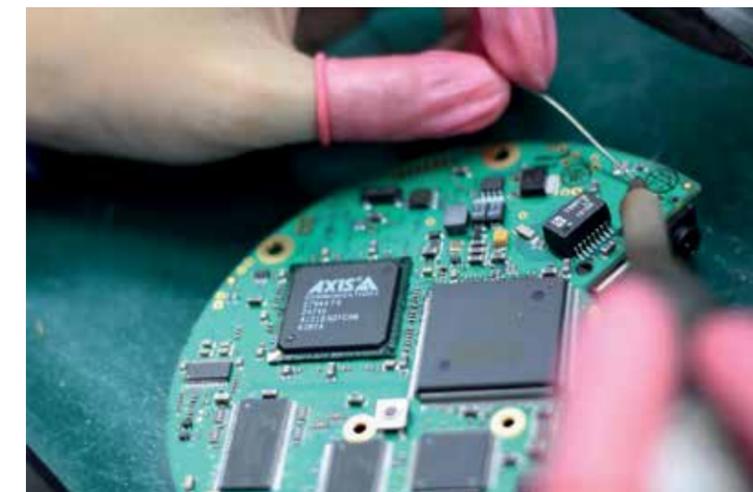
Every time Axis begins collaboration with a new supplier, Axis' quality and environmental engineers visit the factory with a local representative if there is one. The inspection visits usually take one or two days.

Among other things, Axis audits the supplier's production process from acceptance tests to final delivery, inspects the factory's environmental impact and working conditions including the physical working environment, working hours and working routines, as well as chemical management. Axis examines fire safety, measurements of emissions and noise levels, and reviews processes to ensure that the operations are conducted ethically. In conjunction with the audit, Axis' environmental and quality engineers conduct interviews with both management and workers.

The supplier audits also cover the possible existence of forced or compulsory labor. Axis has identified Malaysia as a country where there is a higher risk of compulsory labor, due to the fact that there are a lot of migrant workers. As regards child labor, Axis so far has not identified or encountered any operations in the supply chain where risk of child labor exists.

The suppliers are classified and awarded points based on parameters and risk level according to country, industry and size. Axis subsequently conducts regular repeat visits and follows up on previous audits.

If there are deficiencies at a supplier, the parties involved will together draw up an action plan, which is followed up within a certain time period. If measures are not taken, Axis can discontinue cooperation with the supplier.



Taking long-term **social** responsibility

Social responsibility is a cornerstone of Axis' sustainability work, and Axis' intelligent security solutions enable a smarter and safer world. As global market leader with a high standard of ethics, Axis is an example for the entire surveillance industry and has a considerable influence on many people's lives. Axis takes long-term social responsibility for how its operations impact employees, shareholders, partners, suppliers, end users, the public and other important target groups. The company's social responsibility also includes corporate social responsibility where Axis contributes to charity and sponsors local as well as global initiatives.

Axis in society

With Axis' products and solutions, countries and companies can provide security for their citizens as well as their employees and customers. Surveillance cameras contribute to preventing crime and help to clear up crime to a greater extent. Social responsibility is an important part of Axis' sustainability work and Axis contributes to charity and also sponsors projects and organizations at both a local and a global level.

Increased security and better quality of life for children

During the year, Axis carried out a number of sponsoring initiatives targeted towards children and young people.

One project during 2013 was Axis SafeKids for Rodem Community Child center and SAM Community Child center in South Korea, which Axis carried out together with the Korea Association of the Community Child center. Both centers needed to improve child security and safety. Axis has donated surveillance solutions including installation and service to the two child centers.

SAM Community Child center is located on a back street, and after dark the street becomes a haunt for criminals. Since the leaders' office is situated on the second floor, staff found it difficult to supervise children when they were outdoors. Rodem Community Child center in turn is located on a very busy street corner, which entails a risk of traffic accidents. Break-ins were also a regular occurrence.

In the case of both centers, Axis' surveillance cameras resulted in improved safety and security for the children.

In the US, Axis is one of the main sponsors of the non-profit organization Mission 500's charity run and walk, which takes place during the international security conference and exposition ISC West in Las Vegas. Mission 500 helps poor and vulnerable children and families in crisis.

Holiday gifts to customers and presents during other festivals include donations to Mission 500 for example. In the US, Axis also supports the event 'Build-a-Bike' where bicycles are built for children.

Support for training, research and protection of wildlife

For Axis, sharing knowledge and providing support for training are important ways to contribute to social progress.

One initiative included the support provided to the Catholic girls' school Hekima in Tanzania. During 2013, Axis mainly conducted preparatory work, and the first Axis employees traveled to Hekima in early 2014. Axis has donated new technology, purchased locally, built a completely new classroom with computers intended for IT and technical training, and also trained local employees in IT and technology. In addition, Axis upgraded and verified the IT infrastructure, installed computers and implemented better technological solutions and also secured the day-to-day IT operation. Axis has also established a relationship between the school and a local reseller in order to secure additional long-term IT support. All Axis employees in Sweden have the opportunity to apply to participate in the long-term voluntary efforts.

In a number of European countries, Axis has donated network cameras to universities, colleges and research centers. In Sweden, Axis also sponsors the university project "Flickor på Teknis", which aims to encourage girls to study technological training programs at Lund Institute of Technology and "Problemlösarna", which is targeted towards senior level classes with the aim of encouraging pupils to study technology. Furthermore, Axis supports the global non-profit network CoderDojo, where children and young people learn how to program.

Axis also sponsors projects that aim to preserve unique animal life, including an initiative to protect rare birds in Italy.

Pensioner assistance, sports events and local charity initiatives

Axis also sponsors sports events and local charitable organizations, sports associations and projects.

In North America, Axis supports the international charitable organization Habitat for Humanity and arranges a Social Responsibility Day where employees can perform voluntary work for a full day during working hours.

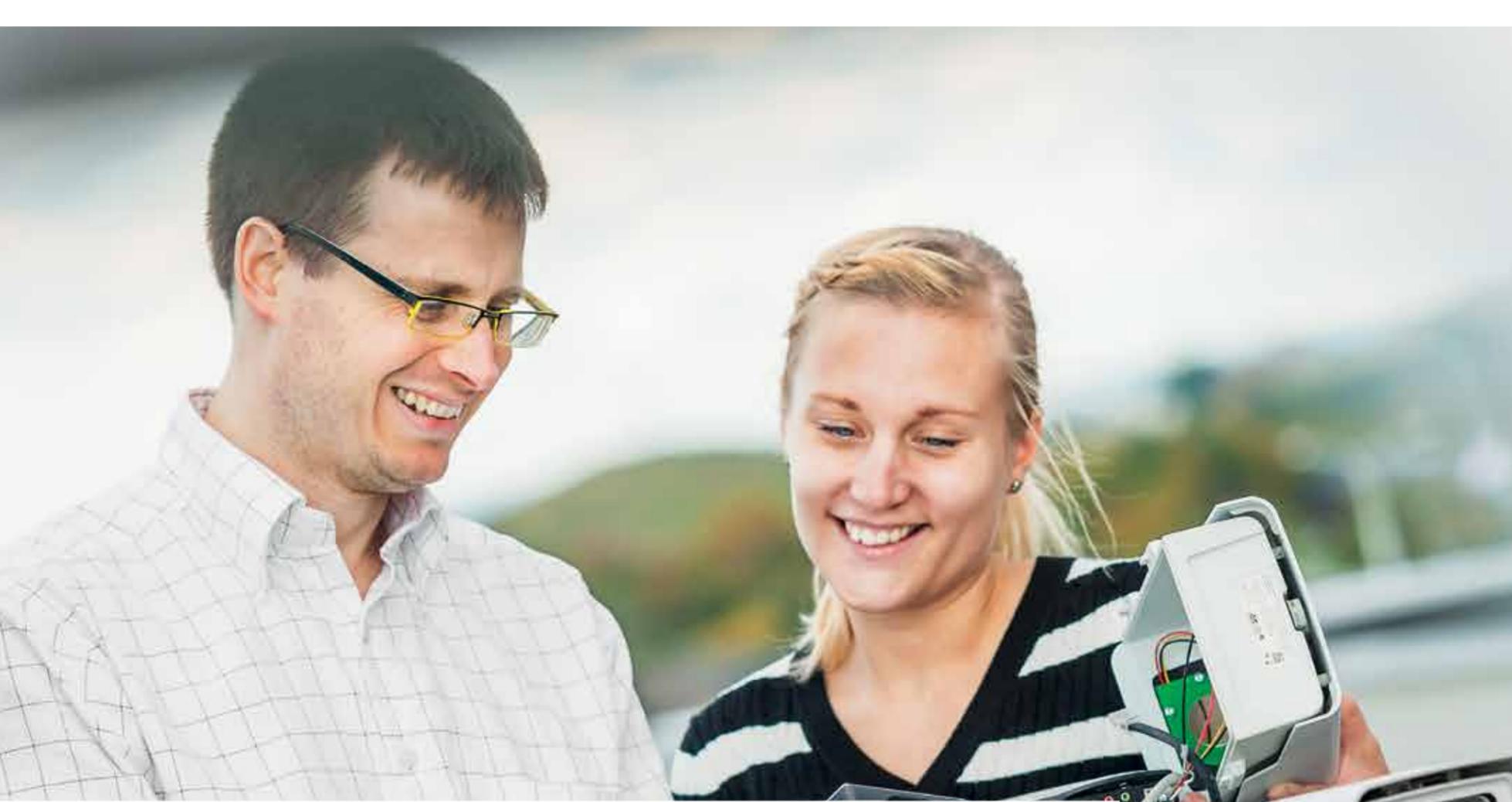
Sports events sponsored by Axis include the baseball tournament 'Little League World Series' in the US, the 10-kilometer run Lundaletet in Sweden, a marathon race, a cycle race, a horse race and golf tournaments in various countries. In Central Europe, Axis provides support to an organization that offers assistance to pensioners.

Personal integrity

Surveillance cameras help to prevent and solve crimes. Axis' cameras represent one part of a security system, and Axis' position is that surveillance cameras in themselves cannot violate personal integrity.

The end users are responsible for how surveillance cameras are used and how data is stored, which are the two most important aspects of integrity. Axis informs all parties in order to ensure as far as possible that the solutions are used in a proper way, and that data is protected and stored securely. In addition, technological innovation and compliance with national and international regulations help to reduce the risk that cameras may be used in an improper way.





Core Values Workshops

An example of how Axis works with its core values – Think big, Act as one and Always open – is its Core Values workshops. Core Values workshops have been conducted for employees at Axis offices all over the world during 2013. By exchanging ideas and perspectives, employees gained the opportunity to put into concrete form what Axis' core values and corporate culture mean for their work.

During the workshops, employees discussed various issues, based on situations that can arise in the working day, related to Axis' operations and corporate culture. The workshops were partly arranged as a game with questions relating to facts and values in different scenarios. The participants faced potential dilemmas and were given a number of different alternative answers as a basis for discussion.

Rosalba Convertino, Regional Marketing Specialist at Axis, was very satisfied with the workshop she participated in:



"The workshop was partly presented as a game, yet it was very professional. The teams were very well balanced and we had managers and HR personnel who guided us."

Convertino believes that the workshop was a good and effective reminder of Axis' core values, set in context with possible scenarios. She continues to apply the core values in her daily work:

"When we do events and marketing activities, we always aim to be one step ahead."

"We are open and listen to our colleagues so that everyone's ideas can be utilized."

"We work in cross-borders teams involving various departments, and we strive to work together to reach our shared goals and create the best possible solutions for our customers and partners."

Axis as a workplace

Axis' dedicated employees provide the foundation for Axis' successful growth. For the purpose of attracting and retaining employees, Axis works actively with its corporate culture, which is characterized by an entrepreneurial spirit, innovation, openness and development. Today Axis has 1,627 (1,403) employees in more than 40 countries, which corresponds to an increase of approximately 16 percent during 2013.

Although Axis has many new employees, as a consequence of a high growth rate, many employees still recognize the unique corporate culture, which is pervaded by entrepreneurship and innovation, openness, cooperation and commitment, as well as development opportunities for employees.

Axis' personnel are the company's foremost asset, and Axis is careful to pursue long-term relationships with its employees and ensures that they are in focus. The success of this approach is demonstrated through the low employee turnover, which amounted to 5.8 percent, compared to 5.5 percent in 2012. Absence due to illness is low at 2.2 percent.

Recruitment

Careful recruitment in all markets is extremely important for Axis' continued rapid growth rate and for the company's global market leading position in the longer term.

As part of its strategy to promote future hiring in Sweden, Axis maintains close cooperation with universities and colleges. Axis supports and contributes to research projects at both Lund University and at other colleges in Sweden.

Axis participates in several initiatives directed towards students, in order to encourage them to apply for admission to technical education programs: "Flickor på Teknis", where female engineers are interviewed in order to inspire girls, "Problemlösarna" and "Transfer". In the Transfer project, Axis' engineers visit senior level students to lecture about technology and describe what it is like to work as an engineer.

All new employees participate in an introductory course at the headquarters in Lund, which varies in length between one and three days depending on whether the person is employed in Lund or if he/she comes to Lund from another office (then the course is three days long). The aim is that all new employees should get to know the company and the corporate culture and also get acquainted with Axis' core values while the management gets to know the new employees. In the introductory course, new employees are also informed about Axis' Code of Conduct. Information regarding sustainability and how Axis takes long-term responsibility in sustainability questions is included in all local introductory programs starting from 2014.

Axis' Code of Conduct

Axis' Code of Conduct constitutes the basis for Axis' corporate social responsibility and values. The Code of Conduct is Axis' set of rules governing how employees should act in their own operating environments and how they should handle business relationships with partners as well as other target groups. The Code of Conduct establishes how employees should deal with issues in the areas of human rights, labor, the environment and anti-corruption.

The Code of Conduct is based on the UN's Global Compact framework for business ethics (which Axis joined in 2007), the UN's Universal Declaration of Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Axis' Code of Conduct prescribes that the company shall advocate diversity and not support or contribute to discrimination as regards recruitment, salary, access to training, promotion or termination of employment as a consequence of ethnic or national origin, caste, religion, gender, age, sexual orientation, physical ability, trade union affiliation or political opinion.





Axis also has policies that concern the use of drugs and alcohol, discrimination, equality, harassment, and working environment, which are applied at all Axis offices.

Corporate culture

Axis' employees are open, dedicated and collaborative. The corporate culture is characterized by openness, innovation and an entrepreneurial spirit as well as development.

The strong corporate culture as well as dedicated and skilled employees are important factors behind Axis' success and a requirement for Axis to maintain continued rapid global growth. Axis is therefore investing considerable resources in implementing and advancing the corporate culture, and in creating an attractive and interesting working environment for all employees.

Core values

The corporate culture is built on the company's core values Act as one, Always open and Think big. Axis' core values were drawn up in 2007 through a comprehensive initiative where all employees were asked to define Axis' corporate culture. The result was a firmly established democratic value system in the corporate culture, which characterizes the entire operations. For the purpose of implementing the core values, Axis has conducted workshops with the employees, among other initiatives (see article below).

Openness and diversity

Openness and diversity are important and natural elements in Axis' corporate culture, the company's ambition is that it is just as easy for women as for men to make a career at Axis, regardless of background. The percentage of women in Axis' management is just over 22 percent, and the percentage of female employees in total amounts to 27 (27) percent.

As a part of its efforts to raise the profile of women and boost equality, Axis will start a female network during 2014, initially in Sweden.

Training

Axis pursues a number of initiatives in order to further develop its employees. In the IPNL leadership program (Internal Program for New Leaders), new and potential future leaders participate in a 10-month training program.

In 2013, Axis started a new leadership program that all Swedish managers shall complete. In Sweden, 18 managers also completed working environment training during the year. The Southern Europe region has carried out training relating to ergonomics and safety at all offices.

IP@Axis (International Projects at Axis) is a global program for exchange of knowledge and aims to strengthen the corporate culture and develop employees, and also to boost networking among employees.

Training and zero-tolerance against corruption

Axis has zero-tolerance against corruption. As part of Axis' long-term sustainability work, company employees in more than 40 countries participated in a training program during 2013 and also signed an agreement confirming that they have understood and will comply with Axis' anti-corruption policy. 98 percent of employees at the headquarters in Lund and 100 percent of employees at other offices in the world have completed the training and signed the policy. The aim has been to learn the rules and regulations and Axis' values, and also to be able to use and practice these in everyday situations.

Remuneration and benefits

Axis aims to offer all employees competitive salaries, and the company operates a bonus program. Terms and conditions are generally handled on an general basis. All employees in Sweden are covered by a collective agreement (Teknikavtalet between Teknikarbetsgivarna/Unionen/Sveriges Ingenjörer/Ledarna or IF Metall). On a global basis, 67 percent of the group's employees are covered by equivalent agreements.

All employees have annual salary reviews. All employees shall also have a career development review involving an appraisal of the work contribution during the year and a discussion about future development opportunities. 97 percent of all employees participated in a career development review during 2013.

Axis in figures

- Personnel: 27percent (27) women and 73 percent (73) men
- Employee turnover: 5.8 percent (5.5)
- Absence due to illness in Sweden: 2.2 percent (2.2)
- Discrimination cases: 0
- Workplace accidents: 4
- Workplace accidents with fatal outcome: 0
- Average age, years: 38 (38)
- Employees with university degree: 80 percent
- The composition of the management team: 2 women and 7 men
- The composition of the Board of Directors: 1 woman and 5 men



IP@Axis

IP@Axis (International Projects at Axis) is a knowledge-exchange program aimed at strengthening the corporate culture, developing personnel and increasing networking among employees. The program means that employees can gain the opportunity to work on fixed-term projects at an Axis office somewhere else in the world.

IP@Axis was introduced during 2013, and so far this year, two people have participated in the international exchange program. The aim is that many employees will get the opportunity to participate each year.

For the person who goes away, it is a way to develop personally and gain new experiences, become acquainted with another culture, see a different part of the world and get a new perspective, while sharing his/her competencies.

GRI references

Axis' Sustainability Report 2013 follows the Global Reporting Initiative guidelines level C. The following index shows where in the report and in the Annual Report 2013 (AR) – Corporate Governance Report – the information can be found. Only the GRI core indicators, and the additional indicators Axis has opted to report, are listed.

GRI requirement	GRI requirement
PROFILE	4. Governance, commitments and engagement
1. Strategy & analysis	4.1 Governance structure of the organization.
1.1 Statement from President and CEO Ray Mauritsson.	4.2 Chairman's position.
1.2 Description of key impacts, risks, and opportunities.	4.3 Number of members of the highest governance body that are independent and/or non-executive members.
2. Organizational profile	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.
2.1 Name of the organization.	4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.
2.2 Primary brands, products, and/or services.	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.
2.3 Operational structure of the organization.	4.7 Process for determining the qualifications and expertise of the members of the highest governance body.
2.4 Location of organization's headquarters.	4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.
2.5 Number of countries where the organization operates.	4.9 Procedures of the highest governance body for overseeing sustainability performance.
2.6 Nature of ownership and legal form.	4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.
2.7 Markets served.	4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.
2.8 Scale of the reporting organization.	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.
2.9 Significant changes during the reporting period.	4.14 List of stakeholder groups engaged by the organization.
3. Report scope and boundary	
3.1 Reporting period for information provided.	
3.2 Date of most recent previous report.	
3.3 Reporting cycle.	
3.4 Contact point for questions regarding the report or its contents.	
3.5 Process for defining report content, including	
3.6 Boundary of the report.	
3.7 State any specific limitations on the scope or boundary of the report.	
3.8 Basis for reporting on entities that can significantly affect comparability from period to period and/or between organizations.	
3.9 Data measurement techniques and the bases of calculations.	
3.10 Explanation of the effect of any re-statements of information.	
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	
3.12 Table identifying the location of the Standard Disclosures in the report.	
3.13 Policy and current practice with regard to seeking external assurance for the report.	

Indicator	Description	UNGC	Indicator	Description	UNGC
Economic performance					
Core EC1	Direct economic value generated and distributed.		CORE EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	
Market presence					
CORE EC7	Procedures for local hiring and proportion of senior management hired from the local community.	6	ADD EN29	Environmental impact of transports.	8
Environmental performance indicators					
CORE EN1	Materials used by weight or volume.	8	Labor practices and decent work performance indicators		
CORE EN3	Direct energy consumption by primary energy source.	8	CORE LA1	Total workforce.	
CORE EN4	Indirect energy consumption by primary source.	8	CORE LA2	Employee turnover.	
CORE EN5	Energy saved due to conservation and efficiency improvements.	8-9	CORE LA4	Percentage of employees covered by collective bargaining agreements.	
ADD EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements.	8-9	CORE LA5	Minimum notice period(s) regarding operational changes.	
ADD EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	8-9	CORE LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	
CORE EN8	Total water withdrawal by source.	8	CORE LA10	Average hours of training per year per employee.	
ADD EN9	Water sources significantly affected by withdrawal of water.	8	ADD LA11	Programs for skills management and lifelong learning.	
ADD EN10	Percentage and total volume of water recycled and reused.		ADD LA12	Percentage of employees receiving regular performance and career development reviews.	
Core EN11	Land owned, leased, managed in protected areas and areas of high biodiversity value.		CORE LA13	Composition of the Board, management and employees per category (gender, age group, minority group).	1, 6
Core EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		Human rights performance indicators		
ADD EN13	Habitats protected or restored.		CORE HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	
ADD EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		CORE HR6	Operations identified as having significant risk for incidents of child labor.	1, 2, 5
CORE EN16	Direct and indirect greenhouse gas emissions.	8	CORE HR7	Operations identified as having significant risk for incidents of forced or compulsory labor.	1, 3, 4
CORE EN17	Other relevant indirect greenhouse gas emissions.	8	Society performance indicators		
ADD EN18	Initiatives to reduce greenhouse gas emissions.	7-9	CORE S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	10
CORE EN19	Emissions of ozone-depleting substances.		CORE S04	Actions taken in response to incidents of corruption.	10
CORE EN21	Total water discharge by quality and destination.	8	ADD S06	Financial and in-kind contributions to political parties, politicians, and related institutions.	10
CORE EN22	Total weight of waste by type and disposal method.		Product responsibility performance indicators		
ADD EN24	Weight of transported, imported, exported, or treated waste deemed hazardous.		CORE PR1	Life cycle stages in which health and safety impacts of products and services are assessed.	1
ADD EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff.		ADD PR5	Practices related to customer satisfaction.	
CORE EN26	Initiatives to mitigate environmental impacts of products and services.	7-9	CORE PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications.	
			ADD PR7	Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.	

UNGC: United Nations Global Compact principle

Reporting

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

This sustainability report is focused on the sustainability efforts of Axis Communications and is mainly based on reporting guidelines issued by the Global Reporting Initiative (GRI). The reporting follows the GRI's G3 Guidelines at level C. The report covers 2013 and has not been audited.

Scope

The goal of this report is to present an accurate picture of the group's performance in areas relating to sustainability, safety, health and the environment as well as business ethics. This is Axis' third sustainability report and the company's ambition is to report annually.

Boundaries

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

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

Reporting standards and KPIs

This report conforms to the internationally recognized GRI standard. Key Performance Indicators (KPIs) used by Axis are selected from the G3 version of the GRI standards. The report is self-declared and complies with application level C under the GRI standards. KPIs were not subject to third-party checks.

Historical data is not available for all Key Performance Indicators. Unless otherwise stated, the data refers to the 2013 calendar year with comparative figures for previous years.

All currency figures are in SEK unless otherwise stated.

As a company listed on the NASDAQ OMX Nordic stock exchange, Axis follows the provisions of the Swedish Companies Act as well as the stock exchange rules for listed companies in Sweden. Axis applies the Swedish Code of Corporate Governance. A separate corporate governance report for 2013 was published in connection with the Annual Report.

For more information, please visit:

www.axis.com



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About Axis Communications

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

Axis has more than 1,600 dedicated employees in more than 40 countries around the world, supported by a network of over 65,000 partners across 179 countries. Founded in 1984, Axis is a Sweden-based company listed on NASDAQ OMX Stockholm under the ticker AXIS.

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

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