



2022  
**Sustainability report**



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## The year in brief

- > Strong revenue growth and continued progress within sustainability
- > Committed to the Science Based Targets initiative
- > Published a new Group Anti-Corruption Policy
- > Implemented a new whistleblower program



## Innovating for a smarter, safer world

# This is Axis

As the industry leader in network video, Axis offers products and services for video surveillance and analytics, access control, intercom, and audio systems. Axis has more than 4,200 employees in over 50 countries, and collaborates with partners worldwide to deliver customer solutions. Axis was founded in 1984, and has its headquarters in Lund, Sweden.

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

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

**Axis in  
one minute**

**4,210**

**employees\***  
**in more than**

**50**

**countries**

**Total sales**

**1.6<sup>\*\*</sup>** B USD

**Video surveillance,  
audio, intercom,  
access control, training,  
service, and support**

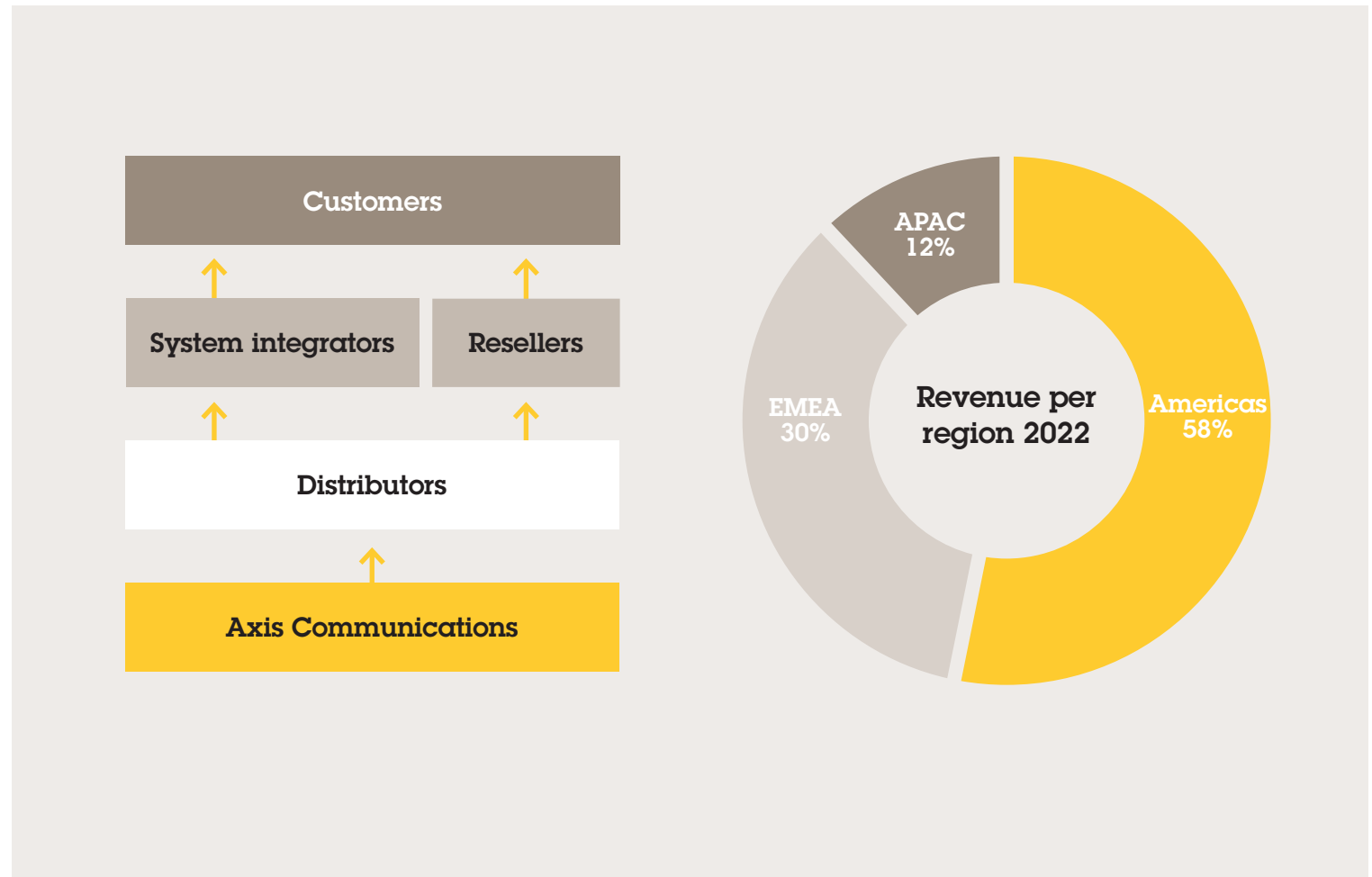
**Founded and HQ  
in Sweden**

# Go-to-market model

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

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

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




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

# Responsibility along the value chain

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

We work closely with our partners, and our relationships are long-term, based on openness, loyalty, trust, and continual dialogue. We also have close ties with our suppliers, and impose conditions, such as the Axis Supplier Code of Conduct, which we follow up through audits, on them.

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

Impact in the value chain	Sub-suppliers	Contract manufacturers	Configuration and logistics centers	Axis	Distributors	Partners incl. resellers/system integrators	Customers	General public
	Anti-corruption							
	IT security							
	Human rights, including privacy during usage							
	Beat climate change: emissions from transports, Axis operations and suppliers, and power usage in Axis products and solutions							
	Protect natural resources: use of natural resources/material in Axis products							
	Protect ecosystems: use of hazardous substances in Axis products and emission of hazardous substances at suppliers						Protect ecosystems	
	Human rights and working conditions in the supply chain							
					Health and safety in the workplace			
					Diversity and inclusion			
								Positive contributions to local communities



## STATEMENT FROM THE CEO

# Optimistic ambition as we strive towards our goals

2022 was a year of many challenges. The after-effects of the COVID-19 pandemic on supply chains and delivery times, combined with global political and economic uncertainties, placed a greater strain on the way we carry out operations.

During these challenging times, however, we remained responsible and respectful. Thanks to the resilience and dedication of my colleagues, our partners, and our supply chain, we were able to remain uncompromising in the quality of our products and solutions, and in our sustainability operations, even when times seemed to be at their most challenging. This has allowed us to continue to pursue our long-term ambitions.

2022 was also a year of successes. With the gradual supply improvements during the year, we were able to stick solidly to our goals as an ambitious growth company. Our revenue at end-of-year was at an all-time high, and our pace of recruitment rose steadily.

There have been a lot of hard-learned lessons in the last few years, but we have taken from them a number of key conclusions that we continue to

implement in close co-operation with component suppliers and contract manufacturers, as well as channel partners. We have also found new methods and ways of working that enable us to strengthen our sustainability commitments, as well as our organization, which help us to increase its resilience. This has involved us taking a deeper look at our own responsibility to technological innovation, and sustainability initiatives and business practices, further aligning us to our pledge to the 10 fundamental principles of the UN Global Compact Agreement, which we signed in 2007.

I am happy to see us continue to improve on many of our sustainability goals as presented in this report, such as our commitment to the Science Based Targets initiative. We aim to use our position as industry leader to be a driving force for wider change. We remain ambitious in setting goals, in our drive to remain a long-term, profitable growth organization, and in being a company that contributes to a better society, the latter being one of our key principles, and something that guides us in every aspect of our daily operations.



As we look ahead to 2023, we are keen to continue our progressive momentum. I look forward to seeing us take ambitious new steps towards our sustainability goals and initiatives, to welcoming new colleagues, and, most of all, to continuing in our commitment to innovate for a smarter, safer, and more sustainable, world.

Ray Mauritsson, President and CEO, Axis Communications

# Materiality and risks

## Materiality assessment

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

Stakeholder input is discussed and assessed, together with our impact on a variety of sustainability issues, and their overall importance for Axis, by a cross-functional sustainability team, and presented to Group Management and the Audit Committee. The materiality analysis is conducted and validated each year in accordance with GRI Standards.

## Material sustainability topics for Axis and correlating GRI Standards

Axis material topic	Correlating GRI Standards topics
Human rights and working conditions in the supply chain	Supplier social assessment
Anti-corruption	Anti-corruption
Health and safety in the workplace	Occupational health and safety
Diversity and inclusion	Diversity and equal opportunity Non-discrimination
Positive contributions to local communities	Local communities
Power usage in Axis products and solutions	Energy
Emissions from transports, Axis operations and suppliers	Energy Emissions Supplier environmental assessment
Use of natural resources/materials in Axis products	Materials
Use of hazardous substances in Axis products	Customer health and safety
Emissions of hazardous substances by suppliers	Supplier environmental assessment
IT security	-
Human rights, including privacy during usage	General Disclosures

## Risk management

As an international group with operations, sales, and business partners all over the world, Axis is exposed to many different risks from business, sustainability, and responsibility perspectives. Our risk management aims to increase corporate resilience, improve strategic decision making, decrease the likelihood of adverse events, and improve our capabilities to manage them if they do occur. The Corporate Governance department manages the Risk Management Framework.

The Axis **Risk Management Framework** consists of:



Risk assessments are at the heart of our Risk Management Framework. Axis applies a qualitative approach based on face-to-face interviews and human analysis. Corporate Governance conducts interviews with the Axis Management Team at least twice a year. Other interviews are performed to enhance our understanding of the various risks we are already exposed to, and to continuously identify new risks.

The company's risk register is a living document, which only contains the highest over-arching risks that can significantly impact the company. All the risks are owned by the Axis Management Team, and consequently, they bear the responsibility for ensuring that appropriate mitigating actions are in place. More specific, detailed risks are managed by respective function and reported to Corporate Governance. We are striving for a convergence between the top-down and bottom-up approaches over time.

Every year, Corporate Governance presents the results and findings to the Axis Management Team. In addition, annual reports are made

and presented to the Audit Committee and the Board of Directors. We are also aligned with the Canon Group's Risk Management Framework, and report directly to Canon twice a year. Monitoring activities, which is a method to ensure risk mitigation effectiveness, are performed by Internal Audit or by the relevant function.

We continuously develop our risk management framework. We achieve this through our Risk Forum, where representatives from the different functions meet quarterly to align best practices. In addition, we aim to educate all parts of the organization about the importance of risk management.

Currently, sustainability risks are managed by the Environment Council, Social Council, and Business Ethics Council respectively. Axis recognizes that climate change is an area of strategic importance for the company, and going forward, we will strive to better understand the sustainability risks the company faces, as well as our potential impact, both positive and negative, on the environment, and on society as a whole.



# Innovating for a smarter, safer world

## Our sustainable approach

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

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

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

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





# UN Global Compact and the sustainable development goals

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

## WE SUPPORT



# Our sustainable approach is based on four cornerstones:





# Respect people

By focusing on ethical behaviors, we create a positive social impact across the whole value chain. To be transparent and handle our relationships in a responsible way is vital to us. We understand that inclusion and diversity are imperative to drive business growth and innovation. But more than that, we believe it's everyone's right to be who they are, to feel that they belong, and to know that their health and well-being matters.



## Human rights

We respect internationally recognized human rights. This commitment is reflected in the Axis Group Code of Conduct, which is signed by the Axis Group Management Team. Our approach is guided by the principles of the UN Global Compact.

Axis has a responsibility to avoid causing or contributing to adverse human rights impacts through our own activities, and to address such impacts if they occur. We should also seek to prevent or mitigate adverse human rights impacts that are directly linked to our operations, products, or services, by our business relationships.

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

The Human Resources department is the owner of the Axis Group Code of Conduct, and is responsible for its implementation. This document is openly available on our [website](#).

Sustainability efforts, including human rights, are coordinated by the Business Ethics Council, the Environment Council, and the Social Council, together with cross-functional sustainability teams and initiatives. The Business Ethics Council plays an important part in our ongoing work with human rights related issues.

Working with human rights involves continuously improving and raising ambitions while doing so. Our approach aims to ensure that as actions are completed, learnings are incorporated, and used as the foundation for taking the next step forward. Our ambition is to integrate human rights into dialogue with, and training of, suppliers and business partners. Preparations are ongoing.

To some extent, human rights risks are indirectly covered by our general risk management framework. However, these risks are not systematically included in the annual risk assessment and risk management process, including follow-up and reporting.

We have identified several areas where adverse human rights impacts are most likely to be present and significant. These include personal privacy in relation to our products, and risks inherent in our supply chain, such as conflict minerals, as well as human rights/privacy during usage of our products and solutions (all described separately in this report).

### Health and safety

Health and safety is a fundamental human right. Accidents, incidents, injuries, and work-related illnesses are, for the most part, preventable. It is extremely important that employee and contractor health and safety is managed in a systematic and proactive manner, and that our culture reflects that harassment of any kind is unacceptable. Occupational health and safety risks and impacts are managed through our Human Resources department and its related policies.

### Diversity and inclusion

Diversity is essentially linked to the fundamental human right to equality, and non-discrimination is about recognizing, respecting, and valuing people's differences. At Axis, we recognize, respect, and value aspects that are not directly influenced by culture, such as differences in age, sexual orientation, gender identification, and physical appearance and abilities.

### Labor conditions in the supply chain

The obligation to respect human rights extends beyond company boundaries. Company operations and activities impact workers throughout the value chain. Labor conditions and challenges differ between countries and suppliers, and given the nature of today's supply chains, there may be a risk that our operations and activities are linked or contributing to these challenges. Our commitment to respect human rights is embedded into the supply chain management through the Axis Supplier Code of Conduct, which is based on the Axis Group Code of Conduct, the UN Global Compact, and the Responsible Business Alliance Code of Conduct. This document is shared with all new suppliers, and they are required to sign and adhere to it.



### Reducing environmental impact

A safe, clean, healthy, and sustainable environment is imperative, not only to sustain the planet, but as a fundamental human right. Adequately managing and reducing the environmental impacts of a company's operations and value chains is fundamental to ensuring environmental human rights are not infringed.

### Remediation and access to a grievance mechanism

Everyone has the right to remedy when their rights have been violated. The inability for rightsholders to lodge complaints and grievances can potentially lead to human rights impacts remaining unresolved. In 2022, Axis implemented a new whistleblower mechanism that can be used

to report human rights concerns. However, this mechanism is dedicated to internal use, and we currently have no other anonymized systems in place to enable the remediation of adverse human rights impact, except cases related to Axis own staff. We consider the open dialogue we have with external parties such as suppliers and customers/partners an important channel for catching any ongoing issues. No human rights related issues were reported in 2022.

### Legal compliance

No significant instances of non-compliance with laws and regulations were reported in 2022.

### Human rights risks related to our products

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

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

The end use impacts of our products and solutions are vast, varied, and influenced by the interaction of many known and unknown variables. It is important that we understand potential human impacts and our relationship with them, as well as our leverage to address such impacts. This area is also covered by our ongoing project preparing us for the upcoming EU directive on Corporate Sustainability Due Diligence.

### Security of personal data

Axis has a carefully designed, comprehensive security strategy aimed at minimizing critical vulnerabilities of software, hardware, and information, and GDPR management requirements have been implemented.

### Human rights risks in the supply chain

Axis has a global supply base with 303 suppliers of primarily mechanical, electromechanical and critical electronic components. Standard electronic components are sourced from approximately 900 very large suppliers. These will generally not be audited, since Axis has little purchasing power to affect these companies.

During 2022, we performed a GAP-analysis to identify necessary improvements to be fully compliant with the upcoming EU directive on Corporate Sustainability Due Diligence, and an action plan for how to address any identified gaps has been formulated. The work is ongoing.

Suppliers are selected based on quality, price, ethics, and counteracting corruption, environmental impact, and flexibility. They must also provide a decent work environment, and acceptable terms of employment. Respect for human rights is also an important selection criterion.

Before the decision to onboard a new supplier, they are screened for quality and environmental impact, as well as against criteria such as human and labor rights. The screening can be an on- or offsite audit. In the case of onsite audits, the audit team collects the relevant documentation and asks relevant questions. In 2022, we audited seven new suppliers. Two audits performed at the beginning of the year were offsite, due to remaining COVID- restrictions. The remaining five audits were performed onsite.

The onboarding of suppliers starts with signing the Axis Supplier Code of Conduct (or submission of their own code of conduct, if it is aligned with

ours). The supplier is also required to complete a self-evaluation questionnaire that contains, among other things, information about working conditions (i.e. working hours, employee health and safety, and compulsory/forced labor). The questionnaire is then reviewed by us.

Existing suppliers are audited at least every three years, or when required. There are no guidelines for when to audit an existing supplier, but the most critical or critical suppliers are more likely to be audited, especially if the production is carried out in a high-risk geography. Very large suppliers will generally not be audited. Twelve suppliers were audited in 2022.

If a company is found to be non-compliant with the Axis Supplier Code of Conduct, including human rights related issues, a corrective action plan is formulated, and its implementation audited. During 2022, corrective action plans, based on the findings in the 2021 audits focusing on Responsible Business Alliance's requirements on working hours, working time, and overtime, were defined and implemented. Re-audits will be performed during 2023.

In 2021, we assessed our more than 200 suppliers of components to ascertain that they are not included in international lists of banned suppliers. The next step, which is gathering information about our suppliers' sub-suppliers, and the character of the components they are delivering to our products, to identify if any of these were banned or associated with high-risk regions, is ongoing.

We have not carried out any systematic human rights risk training or awareness-raising for our own staff, or our suppliers in 2022.

## UK MODERN SLAVERY ACT

Axis has operations in the UK, and we are thus subject to the UK Modern Slavery Act. We work actively to counteract all forms of modern slavery, child labor, forced labor, and trafficking in our business, and we impose demands on our suppliers that none of this must occur in their operations. Our suppliers are also expected to forbid any occurrence of modern slavery, child labor, forced labor, or trafficking in their operations. For more information regarding how Axis works with these challenges, see [www.axis.com](http://www.axis.com)





\*The 10 percent not partaking in training mostly consist of people absent due to for example sick-leave, maternity leave, contingent workers, and others not present when trainings were carried out. These will all be offered training on a later date.

## Anti-corruption

Innovating for a smarter, safer world goes beyond the products and services we develop and offer. It is also about making the right choices, and contributing to the communities we live in. Corruption disrupts society, jeopardizes equality, distorts competition and is one of the largest threats against reaching the UN's SDGs (sustainable development goals).

Axis has zero tolerance for all types of bribery and other forms of corruption. This is reflected in the group's Anti-Corruption Compliance Program, which is owned by the Corporate Governance function. This program is designed to identify and address corruption risks that may arise based on the business activities in which we engage, the geographies in which we operate, and the industries and clients we serve. As the larger business and geopolitical context changes, we stay attuned to shifts in laws, regulations, and enforcement practices. Our program aims to ensure best practice in all areas, but we do acknowledge that there are some that still need to be improved.

Axis published the Group Anti-Corruption Policy during 2022. This policy applies to all employees, contingent workers, and consultants, as well as management and board members (each being an 'Axis representative') in all of Axis operations, and in all other activities and work connected to, or on behalf of, Axis. More information can be found at [www.axis.com/compliance](http://www.axis.com/compliance).

Thus, Axis expects all Axis representatives to promote this policy in all their relations with business partners. Axis also expects all business partners promoting the Axis brand or conducting operations on behalf of Axis to comply with the principles expressed in this policy.

All employees, contingent workers, and consultants, as well as management and board members, are required to acknowledge that they comply with this policy. They must also participate in training on such matters, at least every other year. In addition, the anti-corruption awareness training is a mandatory part of the onboarding process for all Axis representatives.

The continuous development of the Anti-Corruption Compliance Program is based on our anti-corruption risk assessments. For example, these risk assessments help design the trainings, and ensure that appropriate mitigating actions are put into place. Our anti-corruption efforts focus on high-risk positions, such as customer-facing roles. Nevertheless, we are aware of that the prevalence of corruption exists throughout the entire value chain.

The majority\* (90 percent) of Axis representatives completed the most recent training, and acknowledged their pledge to comply with the Group Anti-Corruption Policy. All high-risk positions, including top management and the Board of Directors, completed the training. The overall completion rate was higher in the international sales and marketing organizations. A new mandatory training will be launched towards the end of 2023, and specialized trainings are being continuously developed for the high-risk regions. A large increase of questions being sent to our dedicated anti-corruption email address is a clear indicator that awareness in the organization is rising steadily.

No incidents of bribery or other forms of corruption were identified during the year. We have clear processes and escalation routines in place, if such incidents are to arise. The Compliance Committee decides on remediating actions, together with the Corporate Governance department.



### Whistleblower

Axis long-term success is built on doing business in a fair and ethical way. Openness is an essential part of our culture. Appropriate business conduct is another cornerstone of our culture, and we strive to ensure that any concerns are swiftly raised, so that we can detect, prevent, correct, and remediate any wrongdoings.

The Axis Whistleblower Program is built on the following underlying principles: all Axis representatives have an obligation to report wrongdoing, and Axis has a duty to protect whistleblowers against retaliation. In addition, Axis has a responsibility to address wrongdoing by instituting remedies, and taking disciplinary action if appropriate.

Wrongdoings that imply a significant risk to Axis include, but are not limited to:

- > Fraudulent accounting practices
- > Anti-competitive practices
- > Bribery and corruption
- > Misuse of information
- > False expense claims
- > Discrimination/harassment
- > Inappropriate work behavior

### Axis new Whistleblower Program

Our new Whistleblower Program, which was implemented in 2022, sustains Axis values by offering complementary channels for raising

concerns. The program builds upon the EU Whistleblower Directive, and is also aligned with the Swedish Whistleblower Act. This new program encompasses new and improved routines and documentation, and the same minimum standards are applied to the entire Axis Group. It includes a new Whistleblower Policy, including Privacy Notice, as well as a new Whistleblower Reporting System, which makes anonymous reporting possible, via web or telephone, in local language. The Whistleblower Reporting System is currently only available to employees. Work is ongoing to open the function for external parties as well, at which point the current email address [whistleblower@axis.com](mailto:whistleblower@axis.com) will be discontinued.

Corporate Governance is responsible for receiving reports and performing investigations. The Axis AB Board of Directors and the Axis Management Team maintain oversight, and ensure the integrity and independence of Corporate Governance. Reporting is also made to the Audit Committee, as well as our owner Canon.

During 2022, six reports were made through the new Whistleblower Reporting System. This increase, compared to zero reports in 2021, was expected given the heightened awareness communication, as well as the opportunity to file reports anonymously in local language via the new reporting system.

### Our suppliers

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

In 2022, we had 303 suppliers, up from 297 in 2021. Of that number, six are contract manufacturers located in Mexico, Thailand, Japan, and Poland (three). From a sustainability perspective, 143 are critical suppliers, and of that number, approximately 90 percent are located in Asia, 9 percent in Europe and 1 percent in Americas. During the year, we started collaborating with 16 new suppliers.

Axis has the ability to influence the working conditions of its suppliers and their environmental impact. As such, we also have a responsibility to help ensure that manufacturing is performed in a sustainable and responsible way. We do not tolerate any form of discrimination, forced labor, or child labor. We have identified high-risk regions (e.g. China and Malaysia) with increased risk of forced labor and extensive working hours, and we actively continue to enforce our requirements, and educate our suppliers.

Suppliers must have controls in place for their environmental impact, energy and water consumption, emissions, and management of both chemicals and waste. We use supplier

audits and active best practice sharing to ensure suppliers understand and live up to the behaviors and business practices we expect. In 2022, 12 supplier audits were performed, and no significant breaches were identified. There were no reported incidents of emissions of hazardous substances at Axis suppliers in 2022.

### Conflict minerals

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

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

Suppliers are required to report where all minerals have been sourced, and account for how they ensure that their components and products only contain conflict-free minerals. This involves identifying all smelters in the supply chain



which provide gold, tantalum, tin, cobalt, and tungsten. Suppliers must also have policies and due diligence practices in place for traceability, follow-up, and control. We perform yearly conflict minerals surveys.

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

If a significant risk is found in the supply chain, we request our business partners to switch to a supply chain with a lower risk, and we will fulfill our responsible mineral procurement. Axis will appropriately disclose information regarding these efforts to customers and stakeholders. During 2022, we arranged that the two suppliers with identified high-risk smelters in 2021 were phased out. We will continue to actively monitor the supply base to ensure that no high-risk smelters enter our supply chain.





Employees	2022	2021	2020
Number of employees**	4,210	3,946	3,805
Proportion women/men, %	29/71	28/72	28/72
Managers' gender distribution, women/men, %	33/67	31/69	30/70
Group Management	2 women, 7 men	1 woman, 8 men	1 woman, 8 men
Board of Directors*	3 women, 7 men	3 women, 7 men	3 women, 7 men
Employee turnover, %	10.5	11.1	5.7
Absence due to illness, in Sweden, %	4.0	3.2	2.1
Average age	41	41	41

## Our people

2022 was the year our employees started returning to the office after the pandemic. It was also the year our focused work on diversity, and competence-based recruiting, started yielding significant results. Work-related accidents are up – an expected result since people have now returned to the offices after working from home during most of 2020 and 2021 – and sick leave is slowly returning to pre-pandemic levels. Absence due to illness in Sweden was 4 percent.

We have 4,210 employees, 60.8 percent of which are based in Sweden.

### Policies and governance

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

Axis Code of Conduct applies to everyone who works for Axis worldwide and to anyone representing Axis in any way. Other main policies include the Working Environment Policy, the Policy Against Harassment, and the Diversity Policy. There are also several local policies in place.

Our CEO is ultimately responsible for the work environment, but has delegated the responsibility to managers, who carry out the work together

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

Workers (not employed by Axis)

These account for a small proportion of the overall workforce and consist of consultants, primarily within research and development. We have managerial responsibility for consultants working on site at the company and as such, Axis is also responsible for their work environment. Employer responsibility, including insurances and occupational health services, lies with the employment agency that has engaged their services.

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

with HR. In the USA, action plans for work environment efforts are followed up by the executive management team. In Sweden, the HR function, together with the safety representatives, prepares a report each year, which is then sent to the CEO.

All Axis employees in Sweden and 64.5 percent of the total number of employees worldwide are covered by collective agreements. All employees can freely join trade unions or choose to refrain from doing so, in accordance with local legislation and practices applicable to each specific country.

During 2022, Axis hired 559 new colleagues, which means we had a net increase of 248 employees, 34 percent of which are women. We systematically work to attract, develop, and retain employees. This year, we have seen a trend of slightly decreased employee turnover (0.6%).



## OCCUPATIONAL HEALTH AND MANAGEMENT SYSTEM

We work proactively to prevent risks, and continuously conduct risk assessments to maintain a good work environment without risk of accidents or illness. In Sweden, all managers are required to conduct a risk assessment when changes are made to the business. A more wide-ranging follow-up is also carried out each year.

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

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

## HEALTH AND SAFETY COMMITTEES

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

## SAFETY AND SAFETY REPRESENTATIVES

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





#### Diversity, inclusion and equality

Diversity, inclusion and equality in the workplace are crucial for promoting creativity and innovation. We know that diverse teams foster both creativity and innovation, and diversity and inclusion are integral parts of our strategy, and future growth plans.

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

Unbiased recruiting is a high priority. In order to find the right people, we focus on competency-based recruitment. This ensures that we match the individual with the right competencies with the correct job-role, and that any unconscious bias does not enter the recruitment process. This year, we saw a significant increase of gender diversity among both managers (33 percent women) and

employees. One woman has joined the Group Management, which now comprises 22 percent women. For the company overall, 29 percent of the employees are women and 71 percent are men.

Every year, we perform educational activities to raise awareness globally regarding biases and discrimination. During 2022, our core values training was rolled out across the whole company. Also, a variety of trainings and initiatives at both a local and regional level have been carried out during the year.

As stated in our Code of Conduct, we do not tolerate discrimination or harassment of any kind. This includes, but is not limited to, discrimination or harassment based on gender, sexual orientation, ethnicity, national origin, religious beliefs, age, marital status, disability, or any other form of unlawful discrimination. We have several initiatives in place for counteracting discrimination and harassment throughout the company. All reported cases must be handled promptly, and in accordance with our processes and policies. One case of harassment was reported during 2022 through our whistleblowing function.





**Accidents and lost workdays**

Workplace accidents	22, of which 0 fatal accidents
Absence due to illness, in Sweden, %	4.0
Number of accidents resulting in lost workdays	6
Number of lost workdays	61

**Employee health and safety**

The safety and well-being of our employees is of the utmost importance. During 2020 and 2021, Covid-19 presented us with numerous challenges, since most of our workforce were restricted to working from home. This year, the focus has been on a safe return to an office-based working culture. Following local rules and regulations, we started lifting Covid restrictions during the beginning of 2022.

At Axis we value a good work-life balance. As an employer, we have a fundamental role in providing a sound environment for physical and mental health – and to support our employees in all office locations to find balance between all aspects of work and personal life. Our way of working has been refined through decades of collaboration in our offices where success stems from how we interact with colleagues to build an inclusive learning culture with teamwork, problem solving, and idea generation that ensure we remain competitive and healthy. It also builds trust and keeps our culture alive when we attract new generations of colleagues.

**Employee engagement is key**

We conduct employee surveys on a regular basis. The aim is to gather employee views about teamwork, engagement, leadership, and the workplace. Employee surveys are normally carried out every other year, and during 2022, employee surveys were conducted in several countries, including Sweden.

In Sweden, 85 percent of the employees took part in the survey, and it showed improvements in all areas (Team Efficiency, Leadership, Engagement, and Organizational and Social Work Environment). In order to compare our results with other tech companies, in 2022, Axis changed the benchmark from 'standard' to 'tech'. All of our results are above the tech benchmark.

The following countries are Great Place To Work certified: Singapore, China/Taiwan/Hong Kong, South Korea, India, Japan, Australia, USA, Canada, Mexico, Brazil.

**Positive contribution to local communities**

Being active in, and making positive contributions to, the local communities in which we operate are an important part of our sustainability strategy. We contribute to society and promote positive development, both locally and regionally, through engagement in education initiatives, sponsorship, and volunteering activities.



### **Diversity, inclusion and equality: selected initiatives in 2022**

#### **APAC**

**R U OK?:** This campaign aimed to raise awareness about mental health, and to inspire everyone to connect meaningfully with people around them. The message was that you don't need to be an expert to reach out, just a good friend and a great listener, and people were encouraged to start a conversation with those who may be struggling – a conversation that could change a life.

#### **EMEA**

**Women in security event** with both internal and external speakers. The focus was on **Communication with impact** – learn how to present your message, make it unforgettable and how to deal with disrespectful people.

#### **Sweden**

**Pink Programming:** Attracting more women to the programming sector can help bridge the widening tech skills gap. Axis supports Pink Programming, an organization that encourages women to choose a programming career.

#### **Americas**

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

### **Contributions to local communities: selected initiatives in 2022**

#### **APAC**

**November:** Initiating inspiring conversations and donations for November. November is a charity changing the face of men's health by focusing on mental health and suicide prevention, prostate cancer and testicular cancer. The Oceania team held a fundraising month with the team name MoAxis. We also had MoBro raising funds by growing a moustache, and Mosisters walking 60km.

#### **EMEA**

**Save The Children's Christmas Jumper Day:** Axis in the UK sent all distributors a Christmas jumper cookie and decorating kit. For every design uploaded to LinkedIn, Axis donated to the Save The Children's Christmas Jumper Day.

#### **Sweden**

**Coder Kids:** We want to make coding cool at a young age! Consequently, Axis employees in Lund co-hosted the event Coder Kids, an initiative with the main goal of helping kids to grow and develop their interest in programming. Axis employees were responsible for mentoring and connecting with young students between the ages eight and twelve.

#### **Americas**

**Axis Community Day:** Axis employees across the Americas spent over 3,300 hours volunteering with local communities.

# Protect our planet

We know that progress is about more than innovation, and we work hard to minimize our environmental impact across the entire value chain. Our goal is to be a leader in sustainability transformation, and to turn our operations into the industry benchmark. This effort is primarily driven by an increased interest from customers and imminent legal requirements, but also by the dedication, passion, and commitment displayed by our employees.



Our work in this area is guided by Axis Environmental Policy and Environmental Strategy. It covers everything we do, from product manufacturing/lifecycle, energy consumption, repair and replace, transport and logistics, to setting high demands on all our suppliers and partners. Sustainability also plays a key part in the Axis Road Map Directive, our three-year plan for product development.

During the year, the environmental function arranged trainings for employees worldwide to raise awareness and knowledge of our environmental efforts. A variety of other trainings on subjects such as environmental performance and green design for employees working within the R&D function were also arranged.

We have three focus areas within our environmental strategy: beat climate change, protect natural resources, and protect ecosystems.

## Beat climate change

A key feature of being a sustainable and responsible company is to actively work on reducing our effect on the climate. We collaborate with suppliers, distributors, and partners to minimize the impact of our own operations along the entire value chain, and throughout the lifecycle of our products and solutions.

The largest part of the environmental impact in our supply chain is generated through manufacturing and transports. We actively work on streamlining logistics flows, and use sea and land transports, instead of air, whenever feasible. Our ambition is also to increase the use of renewable power sources at our contract manufacturers, as well as in our own operations.



**GOALS** | EMISSIONS FROM SUPPLIERS' PROCESSES**100 percent fossil-free energy in manufacturing and logistics centers by 2030.**

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

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

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

**Power usage in Axis products and solutions**

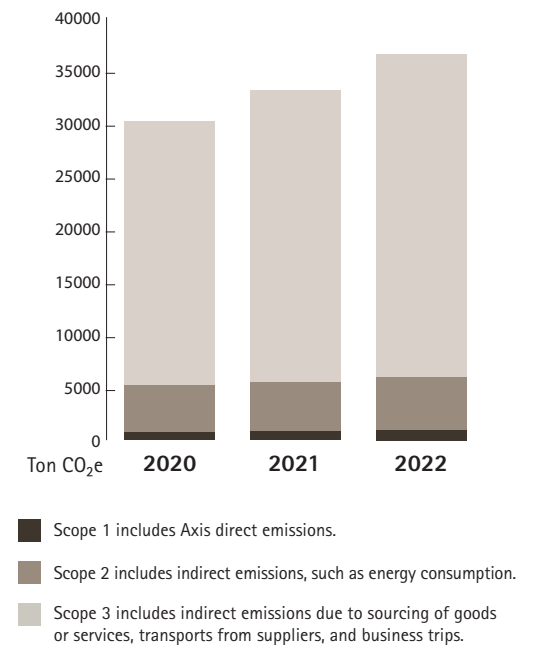
Looking at the entire value chain, energy consumption during usage has the largest environmental impact (60–80 percent) once our products and solutions are in use.

We are constantly striving to reduce energy, one priority being to design power supplies with minimal waste in the form of heat, electrical noise, etc. This extends to both internal product power supplies, and external supplies which may be used to deliver diverse power over ethernet products. Our unique technologies Lightfinder and Zipstream, which save on both energy during usage and bandwidth, are good examples of our innovation in this area. We also run three to five new energy efficiency projects annually that focus on reducing energy consumption and CO<sub>2</sub>e emissions of our products even further. One such example is the new Zipstream Storage Profile, which greatly reduces the storage space needed on external servers.

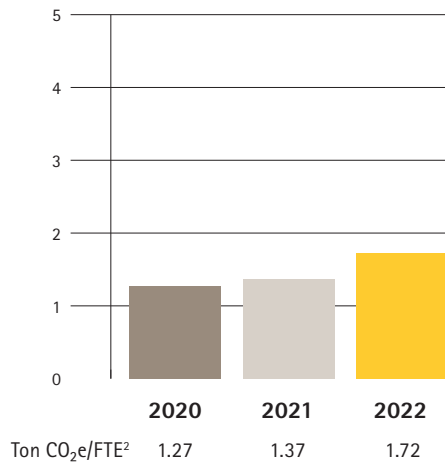
**Emissions**

Each year, we monitor, report, and analyze our CO<sub>2</sub>e emissions. The set targets are monitored yearly (transportation quarterly) and reported to Axis Environment Council. This provides insight into which processes generate the most emissions, and what to focus on most to lower our overall carbon footprint. We have reported on our Scope 1, Scope 2, and part of our Scope 3 emissions for several years, and during 2022, we started mapping our Scope 3 emissions in more detail to comply with the Science Based Targets initiative.

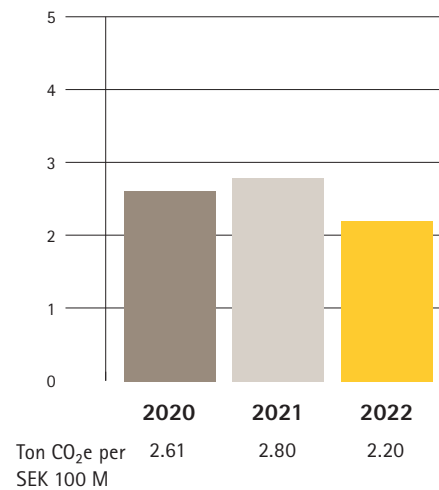
Our internal 2022 carbon footprint report focuses on emissions related to energy consumption of our premises, company cars, and business travel. The report also includes emissions from inbound transports, which are transportation from contract manufacturers to Axis configuration and logistics centers (CLC), as well as emissions from outbound transports, which are transports from CLCs to distributors. The carbon footprint report includes emissions from all logistics centers and contract manufacturers.

**Ton CO<sub>2</sub>e per scope**

## Ton CO<sub>2</sub>e per employee



## Ton CO<sub>2</sub>e per sales



The majority of our carbon footprint is attributable to third parties. Emissions from transports carried out by third parties account for 69 percent, and our own operations 17 percent, of the total CO<sub>2</sub>e emissions. Emissions from own operations are primarily associated with energy consumption, heating of premises, paper consumption, company cars, and business travel. In 2022, our total CO<sub>2</sub>e emissions (covering Scope 1 and 2, plus in- and outbound transports from contract manufacturers and Axis CLCs, as well as business travel) increased from 33,025 to 36,461 tons CO<sub>2</sub>e. This increase can, to a large extent, be explained by increases in inbound transport, as well as business travel. We use carbon offsets for all business travel by air, and some of our air freight. For 2022, carbon offsetting for travel by air amounted to 3,166 tons of CO<sub>2</sub>e. Emissions per employee increased from 1.37 tons CO<sub>2</sub>e to 1.72 tons CO<sub>2</sub>e.

In 2022, CO<sub>2</sub> emissions from operations per sold unit increased by 1 percent compared to 2021, and decreased by 24 percent compared to 2016.

### Manufacturing and configuration close to the customer

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

### Optimizing packaging

We are continually striving to increase recycling and optimize product packaging. Doing so helps make transports more efficient and eco-friendlier. We have a strong focus on reducing the amount of plastic in our packaging material. In our efforts to replace plastic with recycled or sustainable

Emissions from transports, Axis own operations\*, EMSs, and CLCs (CO<sub>2</sub> kg per sold unit)

2022	2021	2020	2019	2018
4.56	4.51	4.41	5.59	5.84

Emissions from Axis transports (CO<sub>2</sub> kg per sold unit)

2022	2021	2020	2019	2018
3.47	3.78	3.66	3.71	4.09

renewable materials, we are pushing the boundaries of our traditional fiber-based materials, such as paper and corrugated cardboard, but also evaluating new innovations, such as fiber-based foam.

### Emissions from transports

2022 continued to be a very challenging year. Components shortages forced the supply chain to use more air freight for certain transports, instead of the preferred sea and road freight. Therefore, we did not meet our stated goal of a maximum of 65 percent inbound air freight. This also impacted on our goal of reducing CO<sub>2</sub> emission per shipped unit by 20 percent by 2022 compared to 2016. Even though CO<sub>2</sub> emissions from transports decreased with 8 percent during the year, measured as kg CO<sub>2</sub> per sold unit, compared to 2021, we did not meet our target for the whole period. Instead we reached a 15 percent reduction when comparing 2022 to 2016. However, if we include carbon offset programs (which are in

place to counteract variations to the supply chain outside of Axis control), we did achieve a CO<sub>2</sub> reduction of 21 percent per sold unit since 2016.

### Energy consumption in our own operations

To reduce our carbon footprint, we are aiming to increase our use of renewable energy sources wherever possible. After seeing an increase of electricity use per FTE in 2022, we conducted an investigation to further identify 'hot spots'. As a result, we implemented several improvements, including an adjustment of all ventilation systems, which is expected to generate savings between 5 and 20 percent, depending on the building. All lights are being changed to LED, and the lighting system in our main offices Grenden has been put on timers to further reduce energy consumption. The solar cells based on the roofs of some of our buildings in Sweden produced a total of 68 107 kWh in 2022.

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



**GOALS | CLIMATE**

**Reducing CO<sub>2</sub> emissions per sold unit from business operations, including transports, by 20 percent from 2016 to 2022, measured as kg CO<sub>2</sub> per sold unit.**

In 2022, CO<sub>2</sub> emissions from operations per sold unit increased by 1 percent compared to 2021, and decreased by 24 percent compared to 2016.

**Reducing CO<sub>2</sub> emissions per sold unit from transports by 20 percent from 2016 to 2022, measured as kg CO<sub>2</sub> per sold unit.**

In 2022, CO<sub>2</sub> emissions from transports decreased by 8 percent, measured as kg CO<sub>2</sub> per sold unit, compared to 2021, and fell by 15 percent compared to 2016.

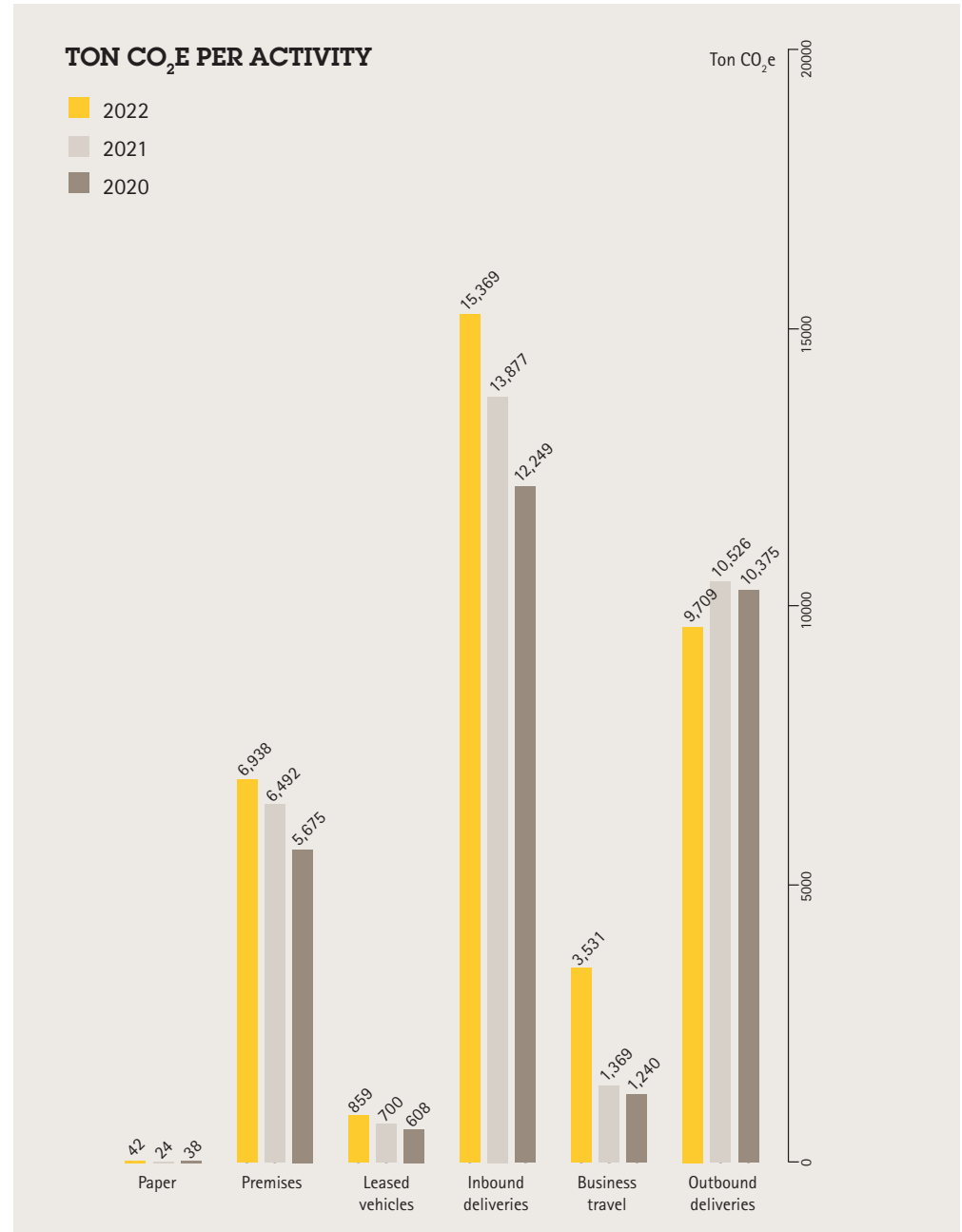
Globally, electricity consumption per full-time employee, excluding logistics centers, 2N and contract manufacturing sites, increased from 2.6 to 2.9MWh in 2022. At the headquarters in Lund, where 58 percent of all employees have their workplace, energy consumption increased from 2.7 to 2.9 MWh per employee. This equals an increase of 7 percent per employee per year, which means that we are far from our stated target of a 5 percent reduction per employee in Sweden. This increase could be explained by our employees' return to the office after the pandemic.

**Fossil-free energy**

We use fossil-free energy at our head office, CLC in Lund, and premises in Linköping, Sweden, as well as at some of our sales offices around the world. We encourage all local offices to review their energy mix, with the aim of increasing the percentage of fossil-free energy.

We work closely with contract manufacturers and logistics centers to develop plans for how they can reduce the use of fossil energy. The majority of these are well on track: 100 percent of our suppliers have taken action to meet our stated goal of 50 percent fossil-free energy by 2024. When it comes to the goal of 100 percent fossil-free energy in manufacturing and logistics centers by 2030, 75 percent of all suppliers have taken adequate action.

Two of our manufacturing sites use 100 percent and 50 percent renewable energy for our production by engaging in Renewable Energy Certificate (REC) schemes. This is a type of Energy Attribute Certificate (EAC) that represents the environmental attributes of the generation of a one-megawatt hour (MWh) of energy produced by renewable sources.





## Protect natural resources

Axis has defined a circular strategy going forward, based on three principles: keep products and materials in use, design out waste and pollution, and regenerate natural systems. This means extending product lifetime, enabling repair, reuse, and upgrade, as well as avoiding scrap from production, and preventing products ending up in landfills.

The materials used in our products are valuable resources. By taking advantage of materials and innovating circular flows, we create new business opportunities, and add value and competitive advantage, as well as strengthening our brand.

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

### Minimizing impact throughout the lifecycle

Green design, a concept that focuses on minimizing environmental impact throughout the entire product lifecycle, is an ongoing priority for Axis. So-called eco-innovation is becoming essential to deliver on

customer demands around sustainability. Alongside increasing customer awareness, pressure from non-governmental organizations (NGOs), the introduction of new legislative frameworks, and industry-sponsored initiatives that advocate stricter guidelines for manufacturers are driving significant change.

### Use of water

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

Our main impact on water lies with our suppliers and manufacturers. At our headquarters, we only use very limited water, but have, however, set a small target of reducing our water use by 1 percent per year. Water usage for our own operations was 24,114 m<sup>3</sup>, compared to 17,695 m<sup>3</sup> in 2021, an increase which can be explained by our staff returning to work in the offices after the pandemic.

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

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

## COMMITTING TO SCIENCE BASED TARGETS

In 2022, Axis committed to setting science-based emissions reduction targets. Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, thus helping prevent the worst impacts of climate change, and also future-proofing business growth. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement, i.e. limiting global warming to well-below 2°C above pre-industrial levels, and pursuing efforts to limit warming to 1.5°C.

Setting science-based targets is the most effective way to take the urgent action required to address climate change. In committing to the Science Based Targets Initiative, Axis takes a decisive first step by clearly demonstrating our intention to develop targets, and to submit these for validation within 24 months.

By developing science-based targets, which will be reviewed, and hopefully approved, by the Science Based Targets initiative, Axis ensures that the targets are sufficiently ambitious, and that we will be held accountable for achieving them. The targets will define the overall goals in emissions reduction across the organization, and along the entire value chain, upstream and downstream. Axis suppliers and partners will also be expected to adhere to the same standards.

**GOAL | 2024**

**More than 20 percent renewable carbon-based plastic of all plastic content in all Axis designed products launched in 2024.**

2022 | Ten products launched in 2022 had more than 20 percent renewable carbon-based plastic.

**Renewable carbon-based plastics**

Increased use of recycled and renewable materials helps conserve natural resources and lower environmental impact. We constantly strive to increase the use of recycled, renewable/bio-based material in our products.

In 2022, the Green Design Group focused on increasing the use of renewable carbon-based plastics within Axis. This meant improving the methodology for mapping renewable carbon plastic content within products, as well as setting up training for the Axis R&D organization to encourage greater use of renewable materials. The effort is progressing steadily, albeit slower than desired, the main reason being that selecting recycled materials can be a challenge. This is mainly due to limited renewable carbon materials that fulfill technical requirements, especially the strict UL standards which are crucial in the USA and Canada.

Axis strives to use more recycled materials, such as renewable carbon-based plastics. Our stated target is more than 20 percent renewable carbon-based plastic of all plastic content in all Axis designed products launched in 2024. Ten products launched in 2022 had more than 20 percent renewable carbon-based plastic.

During 2022, we have doubled total consumption of renewable carbon-based plastics from 51.5 up to 100 metric tons. We also increased our portfolio of products containing renewable carbon-based plastics. 56 percent of all cameras launched in 2022 contain recycled and/or bio-based and/or carbon-capture-based plastics. Shifting to use of bio-based plastic is an important step towards reducing our dependence on fossil fuel-based materials. Axis M3215-LVE and Axis M3216-LVE contain 12 percent bio-based plastic.

## Protect ecosystems

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

Effecting the right material choices, as well as making assembly and disassembly easier, will extend the product lifecycle, and simplify repair, reuse, and recycling. Materials that are used in our products must meet both quality and functional requirements, while minimizing environmental impact. Our products should not contain any substances that are harmful to people or the environment. Hazardous substances are being phased out.

However, phasing out hazardous materials is not a single step process. As a starting point, Axis pinpoints where hazardous materials can be found in products. This requires both strong cooperation with suppliers and a robust system for mapping the status of every component, material, and product. Once hazardous materials have been identified within products, Axis works with current suppliers or finds new partners to source alternative options. This can take time, and some materials are more challenging to replace than others. It's an ongoing process, as there is a constant stream of innovative new products which require compliance screening.

### Lowering the use of hazardous substances in Axis products

Axis meets the demands in the EU's directive on the restriction of certain hazardous substances in electrical and electronic equipment: equipment (the RoHS Directive), and the requirements in the

EU's directive on the collection and recycling of electrical and electronic equipment (WEEE). We also meet the requirements in the EU Waste Framework Directive and in the EU's regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which aims to control/eliminate dangerous substances.

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

We have a list of banned and restricted substances, including both substances that are already regulated by law, and substances that aren't restricted yet, but will likely be so in future. The list includes plasticizers, as well as brominated and chlorinated flame retardants (BFRs and CFRs). It's very important to us to not just wait for new legislation, but rather be one step ahead. This proactivity is a competitive advantage, ensuring we are ready for upcoming legal regulations, creating a more robust business, and enabling us to offer customers products that are free from hazardous substances. 65 percent of all cameras launched in 2022 were BFR/CFR-free. In total, approximately 90 percent of Axis network cameras and encoders launched in 2022 were PVC-free.

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



### BFR/CFR and PVC

The development of cameras that are free of hazardous BFR (brominated flame retardants) and CFR (chlorinated flame retardants), without compromising fire safety, was a key milestone on our goal to minimize and, eventually, avoid the use of hazardous substances.

We have ambitious targets to reduce both BFR and CFR. The goal is that 100 percent of all indoor cameras launched in 2022, and all cameras launched in 2024, will be BFR/CFR-free, and all Axis designed products launched in 2025 should be PVC/BFR/CFR-free.

PVC can emit toxic substances, and is harmful to both human health and the environment. It is also difficult to recycle. We are striving to phase out PVC from our products and are well on track. The goal is that 100 percent of all launched Axis products should be PVC-free by 2025. In total, approximately 90 percent of Axis network cameras and encoders launched in 2022 are PVC-free.

**GOALS | 2022:**  
**100% BFR/CFR-free network cameras launched 2024.**

2022 | 65% achieved

**100% BFR/CFR-free PCBAs in cameras launched 2022.**

2022 | 75% achieved

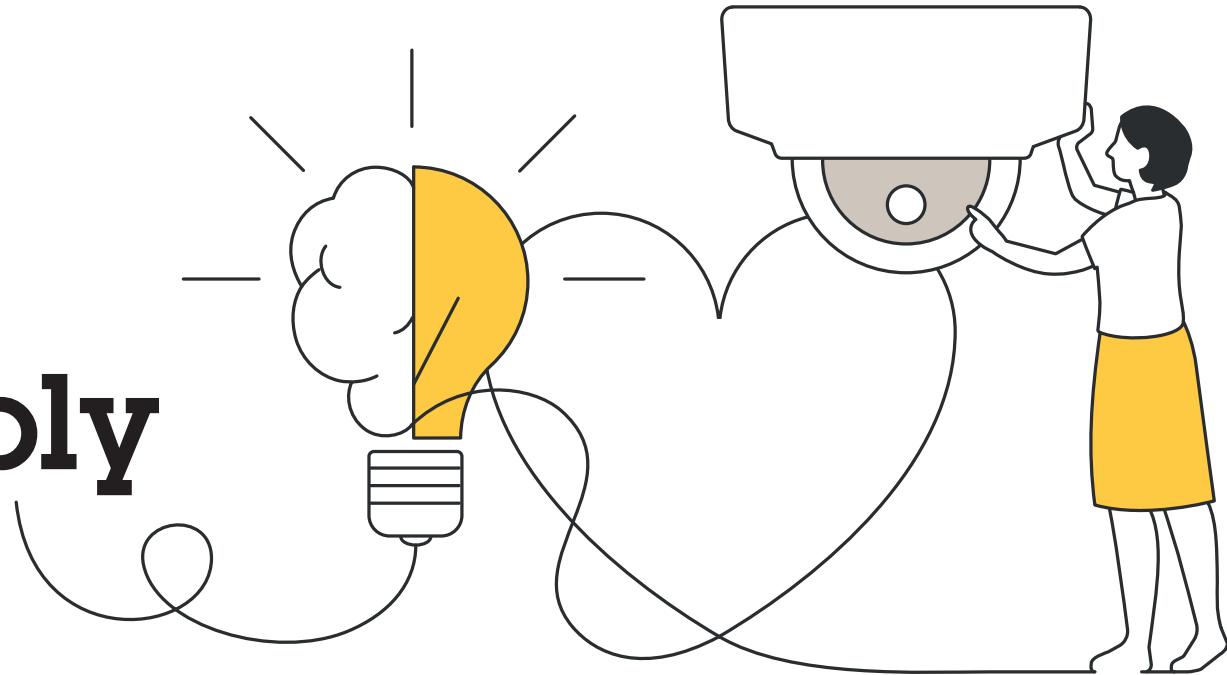
**100% BFR/CFR-free indoor cameras launched 2022.**

2022 | 68% achieved



# Innovate responsibly

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



## Cybersecurity

Cybersecurity is high on our agenda. In an increasingly connected world, any device connected to the network presents a potential cybersecurity risk, and a robust approach to reducing this exposure is essential.

We strive to apply cybersecurity best practices in policies, processes, and technologies from development to decommissioning. As an organization, we follow processes and implement IT systems to ensure best possible reliability, accessibility, and confidentiality of information. The governing document for Axis internal systems is the Axis Information Security Policy. To stipulate how we respond to software security issues, the governing document is the Axis Vulnerability Management Policy. Our software development is guided by the Axis Security Development Model (ASDM), which makes security a central focus.

Our organizational cybersecurity protection focuses on protecting data assets and computer resources, and on managing risks over a longer period of time. While risks can be mitigated, it is very rare that they can be completely eliminated.

We continually inform and train our employees on cybersecurity and customer privacy. Information security awareness is an important part of the employee onboarding process. Furthermore, all employees are required to partake in regular information security awareness training. We also collaborate with partners, and stipulate requirements on the security efforts of suppliers.



### Targeted cyberattack

In the beginning of 2022, Axis was subjected to an aggressive cyberattack, targeting our internal systems. To protect customer-, partner-, supplier- and Axis-internal data, all Internet-facing services were disconnected, and the intruders were blocked from access. The forensic analysis confirmed that Axis contact information was exposed, but found no traces that any other data, such as customer-, partner-, supplier-, product data or source code was affected. Since the attack, we have implemented several changes.

### IT security and protection of customer privacy

Protecting customer information and privacy has the highest priority at Axis. Axis devices, with their built-in cybersecurity controls, are designed to decrease the risk of compromise, and enable secure behavior. We have a strong commitment to continual improvement, development, and protection of information assets/sensitive data, as well as legal compliance. Any identified vulnerability, whether in our products and services or our IT infrastructure, is taken extremely seriously, and dealt with immediately.

### ISO/IEC 27001 certification

In 2022, Axis Communications extended the scope for its ISO/IEC 27001 certification to include the development and operation of its software platform for connected services. The audit for compliance with ISO/IEC 27001 was completed by an accredited third-party certification body. Axis first received the ISO 27001 certification in 2019 for its Information Security Management System (ISMS). The certification was renewed in 2021, and the scope is now further expanded.

The ISO/IEC 27001 is an internationally recognized standard that outlines and provides the specifications for an ISMS, providing guidance on how to protect and manage an organization's information through effective risk management.

Compliance with ISO/IEC 27001 demonstrates that Axis uses internationally recognized processes and best practices to manage its internal and commercial information infrastructure and systems that support and deliver its services to customers and partners.

While ISO/IEC 27001 and other certifications are important, we see them as the baseline, rather than the target.

### Cybersecurity in products and solutions

The security of our products and solutions is a key priority from design to product use, and we always strive to make our products even more reliable and secure. Considerable effort is put into ensuring that our software is robust, and resilient to cyberattacks. We also provide training to partners and customers.

### Responding to security vulnerabilities

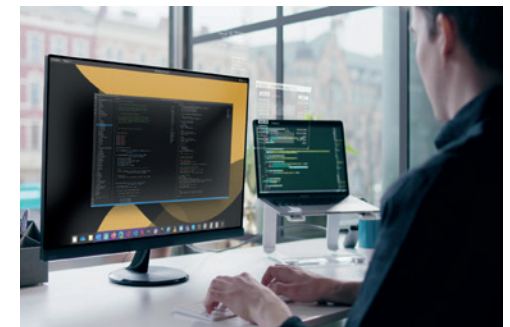
Axis is approved as a Common Vulnerability and Exposures (CVE) Numbering Authority (CNA) for our own products. We follow industry best practices in managing and responding to security vulnerabilities in our offerings. Vulnerabilities that we identify as critical or caused by Axis will be prioritized and often announced with a security advisory, published on our website. The vulnerability archive transparently lists both open-source and Axis vulnerabilities that have been brought to our attention.

### Bug bounty program

We acknowledge the importance and hard work performed by security researchers and ethical hackers, and believe that long-term sustainable cybersecurity is created through collaboration and transparency. At the end of 2022, Axis launched a private bug bounty program with Bugcrowd, the leader in crowdsourced cybersecurity. This private bug bounty program strengthens our commitment to building professional relationships with external security researchers and ethical hackers. It also reinforces our efforts to proactively identify, patch, and disclose vulnerabilities in AXIS OS, the Linux-based operating system that drives most Axis products.

### Ensuring the integrity of surveillance video

The trust in video evidence plays a central part in the security industry, and assuring that video hasn't been edited since capture is essential. The open-source reference design employed by Axis can be used by surveillance camera manufacturers and video management software vendors as a straightforward method to establish the authenticity of video footage produced. This works without having physical access to the camera, and even when in offline mode.





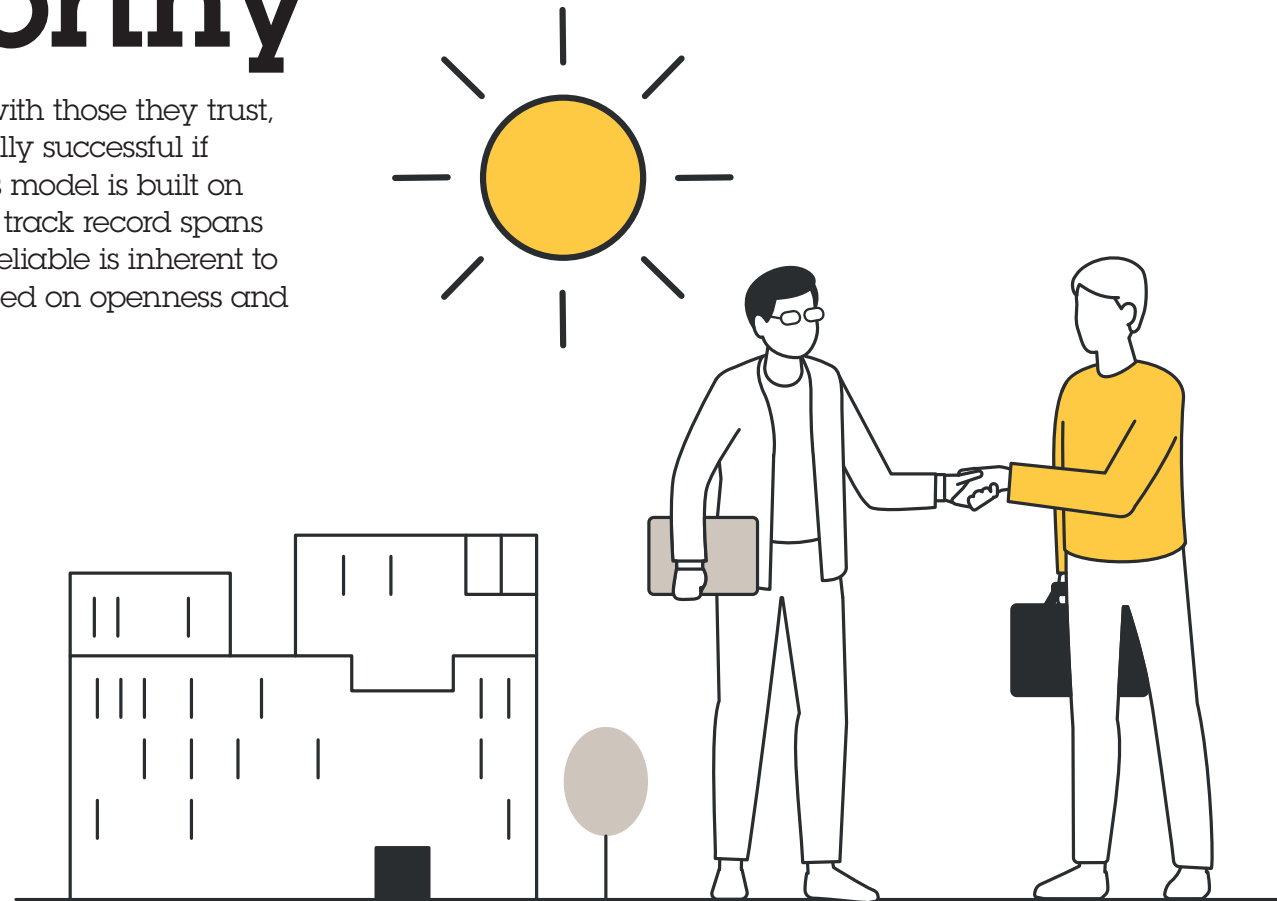
# Be trustworthy

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

## A business based on partnerships

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

Our values are part of our DNA, and, like our ethical principles, they don't change in relation to the external environment. Leaning on our ethical cornerstones and core values, our employees and partners are trusted and supported to make the right decisions in the face of challenges that arise from the external environment, be they political, technological, social or economic.





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

#### Active knowledge sharing

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

#### Focus on responsibility

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

#### A shared approach

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



### INDEPENDENT SUSTAINABILITY ASSESSMENT

Corporate organizations are increasingly being evaluated on more than financial stability and performance. Stakeholders and shareholders want to be certain that their values align with organizations which are committed to improving the environment, and society as a whole. In addition to reputational and financial costs, failure to perform well in ESG (Environmental, Social and Governance) areas can result in a loss of license to operate with key customers and supply chain partners.

#### Silver Sustainability Rating for the second year running

In 2022, EcoVadis, the world's leading provider of business sustainability ratings, performed an independent assessment of our corporate social responsibility credentials. Axis was positioned in the 76th percentile of all companies that have been evaluated, and that resulted in a Silver Sustainability Rating for the second year in a row. This is an endorsement of Axis' approach to ensuring a high standard in all ESG criteria, and it is better than the average score of other companies in our industry. The assessment gave Axis valuable and relevant information about which areas we can focus on improving, as well as providing our stakeholders with independent data about our sustainability efforts.

Third party assessments, such as this rating from EcoVadis, can help companies appraise how they are performing against ESG metrics compared to their peers, and make improvements which result in lasting change.

# Sustainability reporting and governance

## About the report

This sustainability report has been prepared in accordance with the GRI Standards. The sustainability report also constitutes the annual Axis Communication on Progress (COP), which is a key component of the company's commitment to the UN Global Compact's ten principles covering human rights, labor, the environment, and anti-corruption.

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

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

A comment is provided in the GRI content index for any information that has not been provided, or which is limited in scope, having to do with a material topic. In instances where there have

been recalculations or changes in the reporting, information on that is provided in the specific context or description for each topic. The sustainability report covers the 2022 fiscal year. Unless otherwise is stated, the scope is the entire Group, including wholly-owned subsidiaries. For a full list of all the companies included in the Group, please see [www.axis.com](http://www.axis.com).

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

The sustainability report is not externally audited.

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



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

## Sustainability governance

The Board of Axis AB (the parent company in the Group) is the highest decision-making body; it approves the sustainability report, and can also suggest areas for improvement. The Axis Audit Committee receives regular updates on sustainability, and provides ongoing input to the sustainability reporting. The Management Team is accountable for sustainability in terms of including it in overall business strategy decision-making, and also for taking economic responsibility into consideration going forward.

During 2022, the Management Team adopted corporate key principles to be used as guidance in strategic decision-making. The first of these

principles is that Axis contributes to a better society, meaning that we act responsibly, and maintain a sustainable and ethical approach along the entire value chain.

To drive progress within the different areas of sustainability, we have three separate councils (Environment Council, Social Council and Business Ethics Council), with a management team member represented in every council. The councils suggest strategies and goals to the Management Team for each area. To align our overall sustainability agenda across the borders of different areas, we have cross-functional teams for sync and specific projects, such as our sustainability reporting.



## GRI content index

**Statement of use:** Axis Communications has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022.

**GRI 1 used:** GRI 1: Foundation 2021

**Applicable GRI Sector Standard(s):** N/A

GRI standard	Disclosure	Location	Requirement(s) omitted	Reason for omission
<b>GENERAL DISCLOSURES</b>				
GRI 2: General Disclosures 2021	2-1 Organizational details	Cover, 3, 43		
	2-2 Entities included in the organization's sustainability reporting	35		
	2-3 Reporting period, frequency and contact point	35		
	2-4 Restatements of information	N/A (no restatements)		
	2-5 External assurance	35		
	2-6 Activities, value chain and other business relationships	3-5		
	2-7 Employees	18		
	2-8 Workers who are not employees	18		
	2-9 Governance structure and composition	43		
	2-10 Nomination and selection of the highest governance body	43	a-b	Information unavailable/incomplete
	2-11 Chair of the highest governance body	45		
	2-12 Role of the highest governance body in overseeing the management of impacts	35, 43-45		
	2-13 Delegation of responsibility for managing impacts	35		
	2-14 Role of the highest governance body in sustainability reporting	35		
	2-15 Conflicts of interest	43-44	a	Information unavailable/incomplete
	2-16 Communication of critical concerns	16		
	2-17 Collective knowledge of the highest governance body	35		
	2-18 Evaluation of the performance of the highest governance body	43	b-c	Information unavailable/incomplete
	2-19 Remuneration policies	43	a-b	Information unavailable/incomplete
	2-20 Process to determine remuneration	43	a-b	Information unavailable/incomplete
	2-21 Annual total compensation ratio	-	a-c	Information unavailable/incomplete
	2-22 Statement on sustainable development strategy	6		
	2-23 Policy commitments	5, 12-18		
	2-24 Embedding policy commitments	12-14, 33-35, 43		
	2-25 Processes to remediate negative impacts	16		
	2-26 Mechanisms for seeking advice and raising concerns	16, 35		
	2-27 Compliance with laws and regulations	13		
	2-28 Membership associations	7		
	2-29 Approach to stakeholder engagement	7, 33-34		
	2-30 Collective bargaining agreements	18		

GRI standard	Disclosure	Location	Requirement(s) omitted	Reason for omission
<b>MATERIAL TOPICS</b>				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	7		
	3-2 List of material topics	5, 7		
<b>ANTI-CORRUPTION</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 18-19		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	18		
	205-3 Confirmed incidents of corruption and actions taken	18-19		
<b>MATERIALS</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 27-30		
GRI 301: Materials 2016	301-2 Recycled input materials used	27-29		
<b>ENERGY</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 24-26		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	24-26		
	302-3 Energy intensity	26		
	302-4 Reduction of energy consumption	25-26		
<b>EMISSIONS</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 24-26		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	24-26		
	305-2 Energy indirect (Scope 2) GHG emissions	24-26		
	305-3 Other indirect (Scope 3) GHG emissions	24-26		
	305-4 GHG emissions intensity	24-26		
	305-5 Reduction of GHG emissions	24-26		
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 17, 27-29		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	17		
	308-2 Negative environmental impacts in the supply chain and actions taken	27-29		
<b>GRI 400 Social Standards Series</b>				
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 13, 18-22		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	19		
	403-2 Hazard identification, risk assessment, and incident investigation	19		
	403-3 Occupational health services	19		
	403-4 Worker participation, consultation, and communication on occupational health and safety	19		
	403-5 Worker training on occupational health and safety	19		
	403-6 Promotion of worker health	19, 21		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	14, 17		
	403-9 Work-related injuries	21		

GRI standard	Disclosure	Location	Requirement(s) omitted	Reason for omission
<b>MATERIAL TOPICS CONTINUED</b>				
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 18, 20		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	18,20		
<b>NON-DISCRIMINATION</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 18, 20		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	18, 20		
<b>LOCAL COMMUNITIES</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 21-22		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	21-22		
<b>SUPPLIER SOCIAL ASSESSMENT</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 14, 17		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	17		
	414-2 Negative social impacts in the supply chain and actions taken	17		
<b>CUSTOMER HEALTH AND SAFETY</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 29-32		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	29-32		
<b>IT SECURITY (OWN TOPIC)</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	5, 30-32		

## The UN Global Compact ten principles

### HUMAN RIGHTS

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

### LABOR

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

### ENVIRONMENTAL

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

### ANTI-CORRUPTION

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



# Financial summary

The first part of 2022 continued at the same pace as 2021, with the aim and expectation of improvement during the year. As the supply situation and production capacity gradually gained speed, the second and third quarters improved significantly. Boosted by a large order backlog, the fourth quarter closed at an all-time high level, concluding the year on SEK 15.9 B and 20 percent currency adjusted growth. Even though the order backlog decreased towards the end of the year, there are still large quantities on order to be shipped during 2023. Strong sales, a healthy gross margin, and clever OPEX-investments resulted in an operating margin of SEK 1.9 B, corresponding to 12.1 percent of sales.

As a growth company, Axis is constantly aiming to hire new, talented people, who share our vision and values, in order to seize future growth opportunities. In the aftermath of the pandemic, mobility in the labor market increased, which lowered the net pace of recruitment. Despite being successful in attracting and recruiting new employees, more people than usual decided to look for opportunities outside Axis. The number of net employees increased by 248 and closed the year on 4,210.

The global macroeconomic situation with soaring interest rates and high inflation, together with several serious geopolitical issues, are likely to negatively affect the video surveillance industry. However, a long-term approach, combined with a proven ability to continue to develop business operations despite uncertain and challenging market conditions, have put Axis in a relatively good position when the global supply situation recovers further in 2023. Driven by market-leading innovations, and a solid global partner network, prospects for a successful year ahead look promising. Axis is well-positioned with customers of varying sizes and in different industries spread across the globe, creating a solid risk diversification.



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

## Consolidated comprehensive income

SEK M	2022	2021
Net sales	15,911.5	11,699.0
Cost of goods and services sold	-8,096.2	-5,946.9
<b>Gross profit</b>	<b>7,815.3</b>	<b>5,752.1</b>
Other income and changes of value	70.6	1.1
Selling and marketing expenses	-2,644.7	-2,105.2
Administrative expenses	-591.9	-464.1
Research and development expenses	-2,729.9	-2,331.8
<b>Operating profit</b>	<b>1,919.5</b>	<b>852.2</b>
Financial items - net	18.4	-12.8
<b>Profit before tax</b>	<b>1,937.9</b>	<b>839.4</b>
Income tax	-413.5	-195.3
<b>Net profit for the period</b>	<b>1,524.4</b>	<b>644.0</b>
<b>Other comprehensive income</b>		
Items that later could be transferred to the income statement		
<b>Exchange differences</b>	<b>100.4</b>	<b>65.5</b>
<b>Other comprehensive income for the period, net after tax</b>	<b>100.4</b>	<b>65.5</b>
<b>Total comprehensive income for the period</b>	<b>1,624.8</b>	<b>709.5</b>

## Consolidated balance sheet

SEK M	Dec 31, 2022	Dec 31, 2021
Non-current assets	3,950.1	3,278.7
Inventories	2,778.0	1,592.7
Trade receivables	1,438.4	813.8
Other receivables	1,029.9	747.3
Current investments	533.6	169.9
Cash and cash equivalents*	2,731.8	3,399.3
<b>Total</b>	<b>12,461.7</b>	<b>10,001.7</b>
Equity	7,738.5	6,463.8
Non-current liabilities	1,240.4	939.7
Trade payables	1,722.0	1,175.6
Other current liabilities	1,760.8	1,422.6
<b>Total</b>	<b>12,461.7</b>	<b>10,001.7</b>

## Consolidated cash flow statement

SEK M	2022	2021
Cash flow from operating activities before change in working capital	2,435.2	1,146.1
Change in working capital	-1,436.3	566.1
<b>Cash flow from operating activities</b>	<b>998.9</b>	<b>1,712.2</b>
Cash flow from investing activities	-737.3	-402.0
Cash flow from financing activities	-929.1	-694.6
<b>Cash flow for the period</b>	<b>-667.5</b>	<b>615.7</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,399.3</b>	<b>2,783.6</b>
<b>Cash and cash equivalents at the end of the period*</b>	<b>2,731.8</b>	<b>3,399.3</b>

\*Including placements, total cash and cash equivalents at the end of 2022 amounts to SEK 3,479 M (3,569).

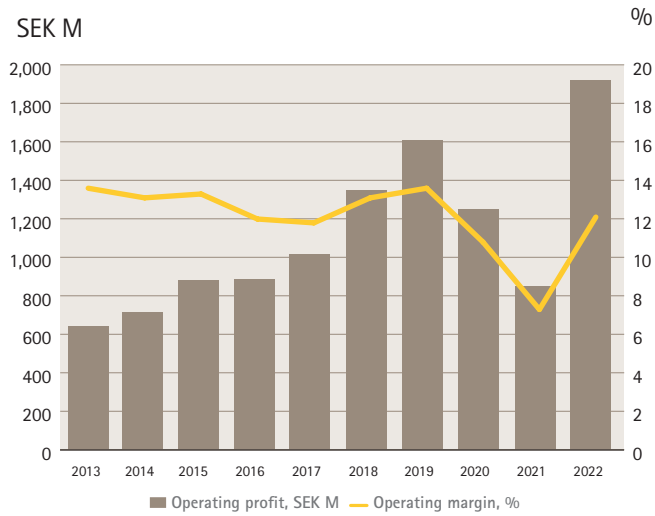
## Multi-year summary

Income statement (SEK M)	2022	2021	2020	2019	2018
Net sales	15,911.5	11,699.0	11,563.6	11,805.9	10,277.7
Cost of goods and services sold	-8,096.2	-5,946.9	-5,788.8	-5,729.1	-4,916.0
<b>Gross profit</b>	<b>7,815.3</b>	<b>5,752.1</b>	<b>5,774.8</b>	<b>6,076.8</b>	<b>5,361.7</b>
Other income and changes in value	70.6	1.1	-97.1	-29.5	-19.3
Selling and marketing expenses	-2,644.7	-2,105.2	-1,796.9	-1,986.0	-1,832.4
Administrative expenses	-591.9	-464.1	-419.3	-410.4	-445.4
Research and development expenses	-2,729.9	-2,331.8	-2,213.1	-2,043.3	-1,715.3
<b>Operating profit</b>	<b>1,919.5</b>	<b>852.2</b>	<b>1,248.4</b>	<b>1,607.6</b>	<b>1,349.3</b>
Net financial items	18.4	-12.8	-19.0	-22.6	-0.5
<b>Profit after financial items</b>	<b>1,937.9</b>	<b>839.4</b>	<b>1,229.4</b>	<b>1,584.9</b>	<b>1,348.8</b>
Tax on net profit	-413.5	-195.3	-283.0	-353.4	-331.2
<b>Net profit for the period</b>	<b>1,524.4</b>	<b>644.0</b>	<b>946.5</b>	<b>1,231.6</b>	<b>1,017.6</b>
Balance sheet (SEK M)	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Non-current assets	3,950.1	3,278.7	2,975.8	2,895.3	1,913.1
Inventories	2,778.0	1,592.7	1,610.4	1,778.7	1,492.9
Trade receivables	1,438.4	813.8	930.5	985.6	561.5
Other receivables	1,029.9	747.3	389.1	421.5	319.6
Current investments	533.6	169.9	0.0	0.0	89.3
Cash and cash equivalents*	2,731.8	3,399.3	2,783.6	1,909.5	2,035.5
<b>Total</b>	<b>12,461.7</b>	<b>9,870.6</b>	<b>8,689.4</b>	<b>7,990.6</b>	<b>6,411.9</b>
Equity	7,738.5	6,463.8	6,096.8	5,231.1	3,958.1
Non-current liabilities	1,240.4	939.7	941.8	949.8	325.2
Current liabilities	3,482.8	2,598.2	1,650.8	1,809.7	2,128.6
<b>Total</b>	<b>12,461.7</b>	<b>10,001.7</b>	<b>8,689.4</b>	<b>7,990.6</b>	<b>6,411.9</b>
Cash flow statement (SEK M)	2022	2021	2020	2019	2018
Cash flow from operating activities before change in working capital	2,435.2	1,146.1	1,152.2	1,713.4	1,098.3
Change in working capital	-1,436.3	566.1	185.1	-1251.2	25.5
Cash flow from operating activities	998.9	1,712.2	1,337.4	462.2	1,123.8
Cash flow from investing activities	-737.3	-402.0	-408.2	-441.4	-520.5
Cash flow from financing activities	-929.1	-694.6	-55.0	-146.8	-101.3
<b>Cash flow for the period</b>	<b>-667.5</b>	<b>615.7</b>	<b>874.1</b>	<b>-126.0</b>	<b>502.0</b>
Cash and cash equivalents at the beginning of the period	3,399.3	2,783.6	1,909.5	2,035.5	1,533.5
Cash and cash equivalents at the end of the period*	2,731.8	3,399.3	2,783.6	1,909.5	2,035.5

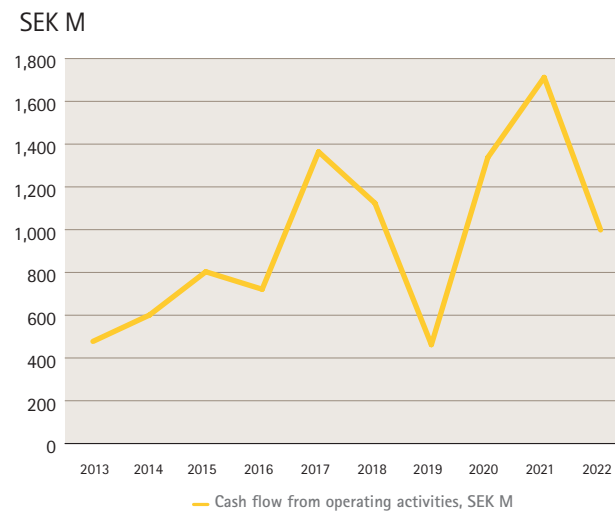
\*Including placements, total cash and cash equivalents at the end of 2022 amounts to SEK 3,479 M (3,569).



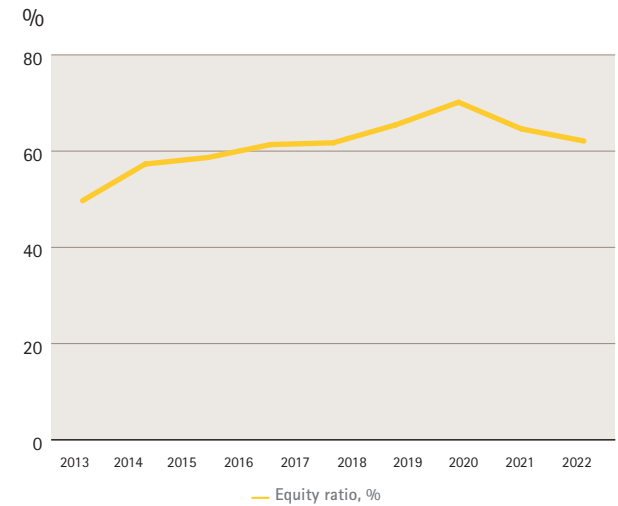
## Operating profit



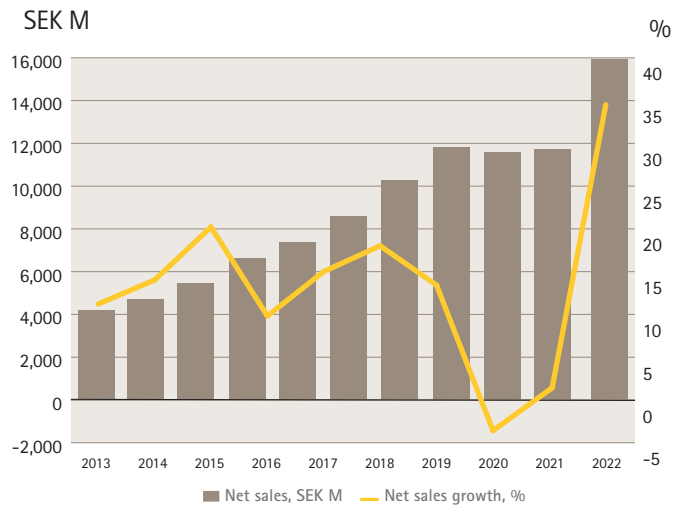
## Cash flow



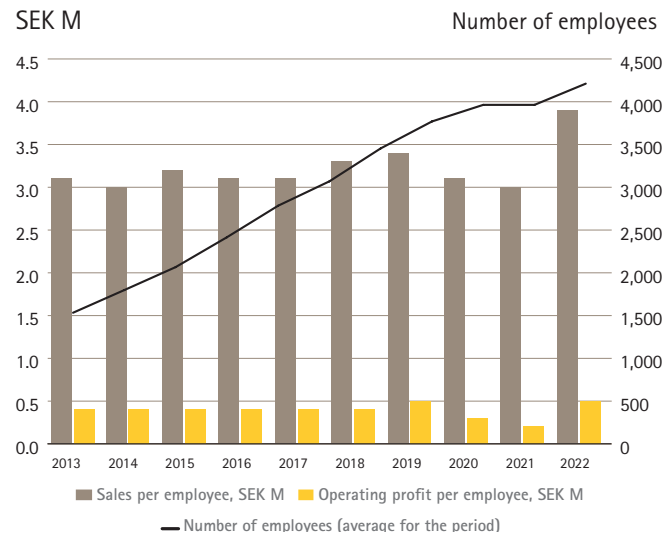
## Equity/Assets ratio



## Net sales



## Employees



# Corporate governance

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

Despite the delisting of Axis, and the fact that Canon Inc. holds 100 percent of the shares and votes in the company, Axis' corporate governance is based on the Swedish Corporate Governance Code. However, Axis deviates from the Swedish Corporate Governance Code in certain areas, due to its ownership structure.

## Annual General Meeting

The Annual General Meeting (AGM) is Axis highest decision-making body. At the AGM, resolutions are passed on important questions, such as the appropriation of the company's profit or loss; discharge from liability for the members of the Board of Directors and for the President; election of board members, Chairman of the Board and auditor; and possible amendments of the Articles of Association.

The Board of Directors evaluates its work annually, using a systematic and structured process, with the aim of improving its working methods and efficiency. The board also formally evaluates the work of the Chief Executive Officer once a year.

## Board of Directors

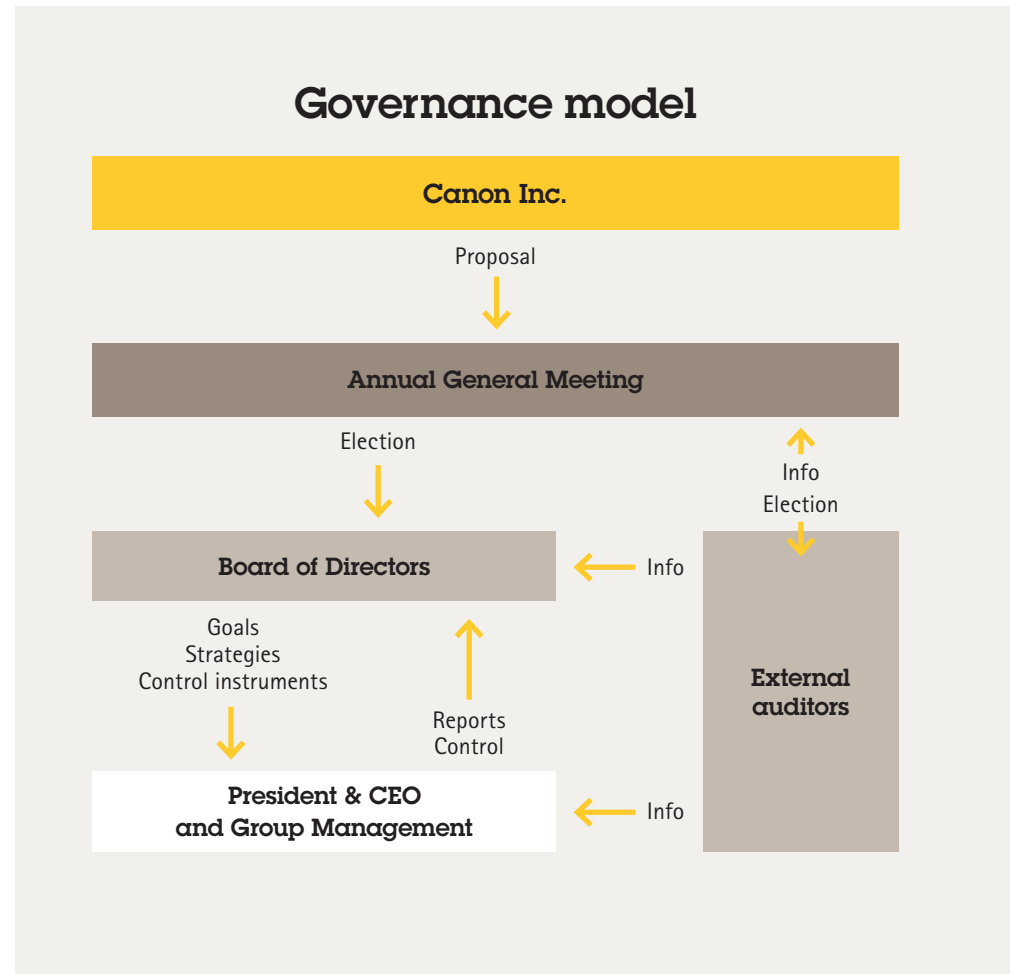
During the period between AGMs, Axis' Board of Directors constitutes the highest decision-making body in the company. The duties of the board are governed by the Swedish Companies Act, and by the Articles of Association.

## President & CEO and Group Management

Axis Group Management consists of nine members, and is led by the President and CEO, Ray Mauritsson. The President and CEO manages the day-to-day work, and is responsible for keeping the board informed of the performance of the operations. He also ensures that business is conducted in accordance with the board's guidelines and instructions.

## Audit

Axis auditors are elected by the AGM. At the AGM in 2022, Deloitte was elected as auditor for the period until the end of the next AGM.



## Board of Directors



### Bert Nordberg

*Chairman of the Board*

**Member of the Board since:** 2021

**Board member of:** Vestas Windsystems A/S (chairman), Sigma Connectivity AB (chairman), Essity AB and Saab Group AB

**Education:** Engineer, Business Studies at INSEAD

**Working experience:** Ericsson, Sony Mobile Communications, Digital Equipment Corporation



### Martin Gren

*Advisor New Business, Axis Communications*

**Member of the Board since:** 1984

**Board member of:** AB Grenspecialisten (chairman), Eikos Aktiebolag, H. Lundén Holding Aktiebolag, Proact IT Group AB

**Education:** Lund University, Honorary Doctor HC Lund University

**Working experience:** Co-founder and employee of Axis



### Marianne Brismar

*Senior Partner Intercept AB*

**Member of the Board since:** 2018

**Board memberships:** Fam. Knut Et Ragnvi Jacobssons Foundation (chairman), Almi Företagspartner West (chairman), Derome, Green Carrier Holding, JOAB

**Education:** B.Sc. in Business Administration and Economics, B.Sc. in Pharmacy

**Working experience:** Roussel Nordiska, Atlet Group, Nissan Motor



### Håkan Kirstein

*Industrial Advisor*

**Member of the Board since:** 2015

**Board memberships:** Cherrystone AB

**Education:** M.Sc. in Economics

**Working experience:** Eltel Group, Niscayah Group, StatoilHydro Sweden



### Toshizo Tanaka

*Representative Director & Executive Vice President, Canon Inc., and Chief Financial Officer, Canon Inc.*

**Member of the Board since:** 2015

**Education:** Degree in Economics

**Working experience:** Various leading positions within the Canon Group

## Employee Representatives



### Malte Lennerstedt

*Employee Representative*

**Member of the Board since:** 2017

**Employee at Axis since:** 2013



### Eva Svensson

*Employee Representative*

**Member of the Board since:** 2017

**Employee at Axis since:** 2012



### Cecilia Persson

*Employee Representative*

**Member of the Board since:** 2020

**Employee at Axis since:** 2017



### Fredrik Andersson

*Employee Representative (Deputy)*

**Member of the Board since:** 2020

**Employee at Axis since:** 2012



### Mats Friberg

*Employee Representative (Deputy)*

**Member of the Board since:** 2015

**Employee at Axis since:** 2000



## Group Management



### Ray Mauritsson

*President & Chief Executive Officer*

**Employed by Axis since:** 1995

**Education:** M.Sc. in Engineering Physics, Executive MBA

**Previous employment:** TAC

**Board memberships:** Alfa Laval AB, LU Holding



### Jonas Hansson

*Chief Information Officer*

**Employed by Axis since:** 2000

**Education:** M.Sc. in Chemical Engineering, Degree in Journalism

**Previous employment:** Netch Technologies, Nationalencyklopedin

**Board memberships:** Creofant AB



### Peter Lindström

*Executive Vice President, Sales*

**Employed by Axis since:** 2003

**Education:** University Certificate in Electrical Engineering, Executive MBA, Lund University

**Previous employment:** Sony, BPE Broadcast Professional Europe, GoPoint, Gandalf Data

**Board memberships:** Formpipe Software AB



### Fredrik Nilsson

*Vice President, Americas*

**Employed by Axis since:** 1996

**Education:** M.Sc. in Electrical Engineering, studies in Economics

**Previous employment:** ABB

**Board memberships:** Micro Systemation AB



### Johan Paulsson

*Chief Technology Officer*

**Employed by Axis since:** 2008

**Education:** M.Sc. in Electrical Engineering

**Previous employment:** Ericsson, Anoto

**Board memberships:** Acconeer AB, SaFP AB, Winplantan AB, GARO AB



### Fredrik Sjöstrand

*Vice President & Chief Financial Officer*

**Employed by Axis since:** 1998

**Education:** M.Sc. in Business Administration

**Previous employment:** E.ON, PwC



### Jeanette Skjelmosse

*Vice President, Operations*

**Employed by Axis since:** 2022

**Education:** B.Sc. in Environmental Science, Degree in Business Economy and Quality

**Previous employment:** IKEA Range & Supply, IKEA Transport Global, IKEA Svenska Försäljnings AB



### Malin K Svensson

*Chief People Officer*

**Employed by Axis since:** 2011

**Education:** B.Sc. in Human Resources Development and Labour Relations/ Employment Law

**Previous employment:** Trelleborg, Adecco, Scandlines



### Lars Åberg

*Vice President, Marketing*

**Employed by Axis since:** 2008

**Education:** B.Sc. in Business Administration and Economics, IFL Executive General Management Program

**Previous employment:** Unilever, Ericsson Mobile Communications, Bona Kemi

Corporate identity number 556241-1065

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