

ESG (Environmental, Social & Governance) FAQ

What actions is Axon taking with regard to product safety & quality?

Axon is developing a business continuity plan that identifies alternative options for supporting the processes associated with our operations. We expect to complete this initiative this year. Our supplier management initiatives call for dual or multi-source product initiatives where possible in order to ensure a competitive landscape and continuity of supply.

We are focused on incorporating clean technologies into our manufacturing and distribution processes, driving reuse and recycling programs to minimize our carbon footprint. All new manufacturing facilities, if any, will utilize technology innovations to maximize utility and efficiency.

Our repair / replace strategy on light fixtures and bulbs at our existing facilities is to replace lighting with LED. We have incorporated a recycling program into our office and manufacturing areas to minimize the environmental impact on recyclable materials, including paper, plastic and soda (pop) cans.

Battery manufacturing is an outsourced competency. We specify our performance requirements to our supplier base and monitor quality levels both at incoming inspection and in the field. Batteries are transported in compliance with all local laws and regulations together with the appropriate labeling. Batteries transported to customers are a component of an end product.

We have developed a supplier scorecard program that measures supplier performance relating to on time delivery and quality. We have a robust incoming inspection program for supplier raw materials, components and finished goods in place. Products deemed out-of-specification or compliance are quarantined and the supplier is notified for disposition and corrective action.

A rigorous supplier audit plan is in effect with a partnership between the supply chain and quality-assurance organizations within Axon to ensure standards of sustainability, human rights, and quality are adhered to.

What actions is Axon taking with regard to human capital development, work-life balance and commuting?

Axon encourages employees to minimize commuting and unnecessary air travel through remote work programs and rigorous use of technology for communication, including Zoom video meetings, Slack messaging tool, and Voxel voice chat. All reduce emissions and give employees greater flexibility in managing their own lives while doing their best work.

Axon has also introduced a car pooling stipend where the driver is eligible for a \$10/day stipend to encourage employees to carpool and save on carbon emissions. Finally, in the interest of relieving traffic congestion, we have implemented an Uber/Lyft reimbursement for those personnel living within 10 miles of the HQ facility. These programs supplement our existing van pool programs which shuttle approximately 100 manufacturing associates on a daily basis to and from work.

What is Axon's approach to corporate governance?

Maintaining strong relationships with shareholders, as well as exhibiting good corporate governance, is a priority for Axon's management and Board of Directors. To further demonstrate Axon's commitment to strong corporate governance, and to further align the interests of our Board of Directors and executive officers with the interests of our shareholders, Axon's board recently implemented stock ownership and board tenure guidelines as follows:

- *Directors should hold a minimum of 8,000 Shares* (Shares being defined as Axon common stock plus vested and unvested Axon stock options and restricted stock units), after receiving sufficient grants to add up to 8,000 Shares.

- *Named Executive Officers should hold a minimum of 50,000 Shares* (Shares being defined as Axon common stock plus vested and unvested Axon stock options and restricted stock units, including unvested performance-based restricted stock units), after receiving sufficient grants to add up to 50,000 Shares.
- *Board Tenure.* Each non-Executive Director of the Company shall submit a letter of resignation from the Board of Directors upon reaching 20 continuous years of service as a Director of the Company or age 72, whichever occurs first, and each year thereafter, which letter of resignation may be accepted or rejected by the Board of Directors in its sole discretion.

The Company's Certificate of Incorporation and Bylaws contain certain provisions requiring a higher voting standard than the general standard ("super-majority provisions"). The super-majority provisions in the Company's Certificate of Incorporation relate to proposals by shareholders to (i) amend or repeal, or to adopt any provision inconsistent with Section 5 of the Company's Certificate of Incorporation (relating to the number, classification and terms of the Board of Directors and removal of a director from office) and (ii) amend the Company's Bylaws and Section 6 of the Certificate of Incorporation (relating to amendment of the Bylaws by shareholders and actions by shareholders).

These super-majority voting provisions have been part of the Company's Certificate of Incorporation for many years and were originally designed to ensure that the interests of all shareholders were adequately represented in the event any of the actions contemplated by these provisions were to occur, in particular, by protecting the stability and continuity of the Board of Directors and ultimately shareholder value.

These super-majority voting provisions were the subject of a shareholder proposal at our 2019 Annual Meeting, which proposal received shareholder support. Accordingly, our Board of Directors will consider the removal of the super-majority requirements before our next annual meeting. This change would require the approval of our shareholders at that annual meeting. It is important to note that the Board of Directors proactively recommended a similar management proposal to shareholders at the Company's 2016 Annual Meeting, which did not receive the necessary shareholder approval.

/end