

Corporate Policy: Anti-Corruption



1. Key Principles

It is the policy of Axonics, Inc. (the “Company”) to maintain the highest level of professional and ethical standards in the conduct of its business affairs and global transactions, including compliance with applicable anti-corruption, anti-money laundering, anti-terrorism, export controls and sanctions laws. Accordingly, this Anti-Corruption Policy (the “Policy”) prohibits Company employees from directly or indirectly engaging in certain conduct that may violate such laws.

2. Why Does this Policy Matter?

Violating this Policy could significantly damage the Company and expose it to unintended legal, reputational, and commercial liabilities. Individuals who violate this Policy shall be subject to appropriate disciplinary action by the Company, up to and including immediate termination of employment.

3. Who Does this Policy Apply to?

This Policy applies to all Company personnel. Responsibility for compliance with this Policy is the duty of individuals at every level of the Company.

4. What Does this Policy Prohibit?

a. Anti-corruption

Company personnel are prohibited from directly or indirectly providing, offering, promising, or authorizing the provision of any bribe, kickback, or other corrupt inducement to any person, including healthcare practitioners (“HCPs”), for the purpose of obtaining or retaining any business opportunity, or otherwise securing any other kind of favorable treatment or business advantage. This prohibition is of particular importance as it pertains to interactions with “foreign officials,” as broadly defined under the applicable U.S. law to include the following:

- any person of any national, state or local governmental body, department or agency (e.g., health ministry officials, regulators, tax, customs, immigration, labor officials, judges or other court officials) in countries outside of the U.S.;
- candidates for political office or political party officials in countries outside of the U.S.;
- any government personnel of any national, state or local entity including those engaged in ordinary commercial activity (e.g., as public hospitals, schools, research institutes, or universities) in countries outside of the U.S.; and
- employees of public international organizations (e.g., United Nations, World Bank, the International Monetary Fund)

i. Bribes and Kickbacks

A **bribe** includes any payment, gift, promise or offer of money or **anything of value**, whether directly or indirectly through third parties, to any person, including HCPs, or entity for purposes of corruptly or improperly influencing any act or decision of the recipient in his or her official capacity for the purpose of obtaining or retaining business or securing an improper advantage.

“**Anything of Value**” means, but is not limited to, money, loans, rewards, charitable donations, gifts, meals, travel-related expenses, promotions, job opportunities, in-kind services, internships, education-related expenses, and other products or services which are of a benefit to the recipient.

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This prohibition applies whether the offer or payment is made directly or through another person. It is also unlawful to make payments to agents, consultants, or other intermediaries while knowing or having reason to know that any portion of the payment will be used illegally.

A **kickback** is a particular form of bribe, which takes place when a person entrusted by an employer has responsibility for the granting of a benefit (e.g., awarding a contract) and does so in a way that secures a personal benefit or anything of value (typically in the form of a return of some amount of the transaction) without the authorization of his or her employer.

ii. Improper Payments to U.S. Government Officials

United States federal law and the laws of most states generally prohibit giving anything of value to officials or employees of federal, state, or local governments to influence them in the conduct of their official duties. Some state and local laws regulate even incidental expenses involving government officials, such as meals, beverages, and event tickets.

iii. Use of Company or Personal Funds

Company personnel may not use Company or personal funds for any purpose that violates any applicable laws or regulations, including without limitation any and all anti-corruption laws.

iv. Entertainment, Hospitality, Gifts, and Travel

The anti-corruption laws prohibit bribery in any form, including entertainment, hospitality, and gifts, which are intended to improperly influence a decision or gain an improper advantage. Nonetheless, entertainment and hospitality may be appropriate in some situations.

As a general matter, reasonable, proportionate, and necessary bona fide business expenditures (e.g., reasonable meals, travel and lodging expenses) related to the promotion or demonstration of products or services or for the execution or performance of a contract are permissible insofar as they are not lavish and could not be perceived as an improper or corrupt inducement.

The more lavish a gift or entertainment expense, the greater the inference that it is intended to encourage or reward performance or influence a decision-maker to favor the Company. Lavishness, frequency (repetitive gifts and entertainment to the same recipients), timing (e.g., if a regulatory approval or contract award is pending) are factors that prosecutors and enforcement agencies may use to assess the intent behind a certain gift and entertainment expenses to determine whether such expenses have ceased to be legitimate promotional expenses and have become instead an improper inducement or bribe.

Permissible entertainment, hospitality, gifts, and travel expenses are:

1. consistent with the recipient's policies and procedures;
2. given in a direct, transparent manner, avoiding any appearance of impropriety;
3. not motivated (even in part) by a desire to influence or secure a business opportunity or other favorable treatment;
4. not motivated by any expectation of reciprocity;
5. proportionate, not lavish, and consistent with generally accepted standards of professional courtesy;
6. in compliance with local laws and regulations;
7. properly recorded and documented in financial books and records (in accordance with Company policies)
8. never given in cash or cash equivalents (such as gift certificates or pre-funded gift cards).

Employees should not regularly provide gifts (nominal or otherwise) to the same recipient.

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The following expenses are permissible only with express pre-approval from senior management and/or the Legal Department:

1. Gifts, entertainment, or travel expenses that have been solicited or encouraged by the recipient.
2. Gifts, entertainment, or travel expenses provided to a foreign official, as broadly defined under applicable anti-corruption laws to include employees of state-owned commercial entities and/or public institutions such as hospitals, research institutes, and universities.

Approval will be granted where such gifts, entertainment, or travel expenses are legal under local written laws, consistent with the recipient's policies, consistent with this Policy, and are not lavish or excessive in amount or frequency.

Travel expenses provided to a foreign official's, customer's, or HCP's family members or friends is strictly prohibited. Paid trips for foreign officials or customers to visit a location unrelated to a legitimate business location (e.g., vacations, resorts, sight-seeing) are strictly prohibited and shall be deemed a violation of this Policy.

Promising employment, contributions to a favorite charity, forgiving debts, or giving anything of value through a third party (as well as similar indirect ways in which value is given) are considered to be gifts and must always be consistent with this Policy.

The Company should not make any charitable or political contributions to any person or parties outside of the United States.

An offer of employment (whether paid or unpaid) to a foreign official or customer, an immediate family member of a foreign official, customer, HCP, or any individual known to have the ability to improperly favor the Company, may be viewed as a bribe. For this reason, the Company may not employ or engage foreign officials, customers, or their immediate family members without consulting the Legal Department regarding the risks.

Gifts, entertainment, and travel expenses shall be reimbursed only upon submission of an itemized expense form and supporting receipts, invoices, or other documentation, including all written pre-approvals as set forth in this Policy and any other applicable Company policies or procedures.

v. Accurate Books and Records

All payments made in the course of conducting Company business, anywhere in the world, must be recorded in the Company's accounting records and described accurately, fairly, and in reasonable detail.

vi. Prevention & Compliance

To assure that the Company and its employees are in compliance with this policy, the following steps must be undertaken:

1. This Policy shall be provided to all employees and translated into local languages if necessary.
2. At the start of employment, Company personnel shall receive and acknowledge receipt and understanding of this Policy during orientation.
3. An appropriate level of anti-corruption training will be provided to employees based on a risk assessment of needs relative to job function.
4. Due diligence should be conducted by the Company personnel responsible for the engagement on all third parties that the Company seeks to engage as agents, representatives, or commercial consultants involved in the international sales process and/or who are expected to interact with foreign officials on behalf of the Company. Findings should be reported to the Legal Department immediately.

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b. Anti-Money Laundering

Company personnel must comply with all applicable laws concerning money laundering, which refers to a wide range of activities and processes intended to hide the origin of money obtained through crime within otherwise lawful business activities. Anti-money laundering laws help to prevent lawful businesses from being used by criminals (including terrorists) to conceal money and to assist law enforcement agencies to trace and recover the proceeds of crime and terrorist funding.

Company personnel must not (1) participate in acquiring, using, converting, concealing, or possessing the proceeds of crime; (2) assist another person to do so; or (3) assist in terrorist financing in any way.

Company personnel are required to know their customers and business partners, to understand their perspective businesses and business practices, and to be alert for and report to the Legal Department potential “Red Flags” that could indicate money laundering activity.

Examples of potential “Red Flags” for money laundering activity include without limitation:

1. Cash-intensive business activity - use of cash or cash-equivalents to limit the ability of financial controls to monitor transactions.
2. Third-party payments - payments routed to or from a different entity than the one providing or receiving services or goods.
3. Large or frequent credits, refunds, or overpayments - this technique, known as “round-tripping,” cycles money through a legitimate business to disguise its source. For Example: A large deposit is placed for a custom order that is soon canceled, perhaps even with a penalty being paid. The balance is refunded in “clean” money. Similarly, intentionally overpaying an invoice to receive a refund in “clean” money is a red flag.
4. Unusual use of “free look” periods, insurance contracts, or warranties - this technique involves making a conditional purchase (often of an insurance-type contract) and soon canceling within the contractually allowable time period to ensure that a refund is issued.
5. “Structuring” - breaking large payments into multiple small transactions (sometimes by different people or entities) to avoid financial controls.
6. Use of banking in non-transparent, high-intensity-financial-crime jurisdictions (“HIFCAs”) or countries known to pose a high risk of money laundering.
7. Unusual shipping routes or transshipment points.
8. When a third party provides false or misleading information, is not transparent about the ownership of assets, uses a shell company, offshore company, or P.O. Box, and/or enters into transactions that do not appear to make commercial sense.

Money laundering and the facilitation of money laundering are serious criminal offenses, and the penalties for violating the anti-money laundering laws are severe and can include imprisonment.

c. Sanctions

The Company must abide by all U.S. and any other applicable trade embargoes and economic sanctions against targeted foreign countries, foreign country governments, entities and individuals. These embargoes and sanctions restrict or, in some cases, prohibit companies, their subsidiaries and their employees from doing business with certain other countries and their governments (which countries are subject to periodic change) as well as specific entities and individuals appearing on various restricted party lists. Please note that these restricted countries, governments, companies, and persons change frequently and often without notice.

Any failure to comply with applicable trade embargoes and economic sanctions could result in the imposition of significant civil and/or criminal penalties.

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d. Reporting Violations, Penalties, and Disciplinary Action

Company personnel are responsible for compliance with this Policy, including the duty to seek guidance from the Legal Department whenever any aspect of this Policy is in doubt and to report any facts or circumstances that suggest a past or ongoing violation of this Policy by any Company personnel or third-party business partners.

The Company absolutely prohibits retaliation of any type or kind against any person who raises in good faith any questions or concerns, reports an actual or potential violation, or assists in an investigation under this Policy.

No Company personnel will suffer demotion, penalty, or other adverse employment action as a result of refusing to pay bribes or kickbacks, even when the Company may lose business opportunities as a result.

No officer, director, manager, or supervisor may ask, pressure, require, or encourage any Company personnel to violate this Policy. Obeying a superior's orders will not excuse any such violation.

Company personnel who violate this Policy or any related policies or procedures will be subject to appropriate disciplinary action, up to and including termination.