



January 10, 2014

Policy Statement on Conflict Minerals

Image Sensing Systems, Inc. (ISS) fully supports the goals of section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Act). The goals of section 1502 of the Act are to prevent the use of “conflict minerals” that finance or benefit armed groups in the Democratic Republic of the Congo and nine adjoining countries in central Africa (Conflict Region). The definition of “conflict minerals” refers to gold, tin, tantalum and tungsten, regardless of where they are sourced, processed or sold. The Conflict Region is one of the places in the world where conflict minerals are found and mined in abundance. The concern that funds from the mining of conflict minerals in the Conflict Region are used to fund violence in that region led to the adoption of section 1502 of the Act.

The Securities and Exchange Commission (SEC) has adopted final rules under section 1502 of the Act. These rules require publicly-traded companies to report annually to the SEC whether conflict minerals originating from the Conflict Region are present in the products they manufacture or contract to manufacture, or whether the companies use them in the production process. The first report must be filed with the SEC on or before May 31, 2014.

ISS does not directly purchase any conflict minerals from smelters or refiners. The conflict minerals that are utilized in ISS products are purchased by ISS from third party suppliers which use the conflict minerals in their components and products that they sell to ISS. Suppliers to ISS are expected to adopt policies and management systems with respect to conflict minerals and to require their suppliers to adopt similar policies and systems. ISS expects its suppliers to establish their own due diligence program to ensure conflict-free supply chains. If ISS determines that a supplier’s efforts to comply with this Policy or to cooperate with ISS in its support of the goals of section 1502 are deficient, ISS reserves the right to take appropriate actions up to and including discontinuing purchases from the supplier.

In order to fulfill its duty to support the goals and objectives of section 1502, ISS has compiled a list of the suppliers of components and products used by ISS that may contain conflict minerals. ISS has obtained or is in the process of obtaining statements from these suppliers regarding the status of the sources of the conflict minerals used in the components and products that they supply to ISS. ISS is further working with its suppliers to identify the smelters and mine sources of the conflict minerals used in the suppliers’ components and products. ISS may rely on third party certifications of smelters or other sources of conflict minerals as conflict-free in compliance with the EICC (Electronic

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Precision decisions.

Industry Citizenship Coalition) conflict free smelter (CFS) protocol as part of its due diligence program and to comply with section 1502 to the Act and any subsequent SEC requirements. In addition, due diligence from each ISS supplier may include completion of the EICC-GeSI (Global e-Sustainability Initiative) Conflict Minerals reporting template.

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