

# IMAGE SENSING SYSTEMS, INC.

## NOMINATING & CORPORATE GOVERNANCE COMMITTEE CHARTER

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### **Purpose**

The primary purpose of the Nominating & Corporate Governance Committee (the “Committee”) is to identify and recommend, to the entire Board of Directors, individuals qualified to become members of the Board of Directors and the Chief Executive Officer as well as to provide assistance to the Board, the Chairperson and the CEO in the areas of Board membership, committee selections and rotation practices.

### **Membership**

The Committee will consist of three independent members of the Board appointed from time to time by the Board. The Committee will consist solely of directors who meet the independence requirements of the NASDAQ stock market. The term of appointment of each Committee member is at the discretion of the Board.

### **Meetings**

The Committee will meet once annually, or more frequently as circumstances dictate. A majority of the members (two) of the Committee will constitute a quorum for the transaction of business.

### **Duties and Responsibilities**

#### *Nominating:*

1. Make recommendation to the Board regarding all nominees for Board membership. Develop qualification criteria for Board members (considering goals for Board composition and individual qualifications) and evaluate potential candidates in accordance with established criteria
2. Review, consider and respond to director nominations or recommendations submitted in writing by the company’s shareholders
3. Recommend to the Board a slate of candidates for presentation to the shareholders at each annual meeting of shareholders and one or more nominees for each vacancy on the Board that occurs between annual meetings of shareholders
4. The Committee will adhere and follow the criteria and process as stated by the NASDAQ stock market for all Board nominees and apply those guidelines when applicable to the nomination of any CEO or Board candidates
5. Review and provide recommendations to the Board concerning the Board’s organizational structure and operations including the Chair of the Board
6. Recommend as to the number of Directors on the Board. The number of Directors may be increased without shareholder approval but may not be decreased without shareholder approval. The Committee will also review and recommend to the Board, with respect to training, orientation and regulatory requirements

*Corporate Governance:*

1. Routinely review issues related to corporate governance and recommend standards to be enacted by the Board
2. Lead an annual review of the Board's performance and effectiveness. Recommend whatever changes are necessary to make the Board more effective. (This oversight function can include input from stockholders and Company executives)
3. Recommend rotations for Chairpersons of Board committees as required

**Resources and Authority**

The Committee will have the resources and authority appropriate to discharge its responsibilities, including the authority to use internal personnel and, with Board approval, to engage external search firms to identify Director and CEO candidates.

The Committee will have the authority to obtain advice and assistance from legal, accounting or other advisors as needed.

The Committee may delegate its authority to subcommittees established by the Committee from time to time. The subcommittees may consist of one or more members of the Board and may obtain the advice and assistance from ISS executives and report its findings to the Committee.

**Adoption of Charter**

This Charter has been updated and adopted by the Board of Directors on September 16, 2011.