

# IMAGE SENSING SYSTEMS, INC.

## POLICY AGAINST INSIDER TRADING

### PROCEDURES AND GUIDELINES GOVERNING INSIDER TRADING AND TIPPING

#### I. PURPOSE

In order to comply with United States and state securities laws governing (a) trading in securities of Image Sensing Systems, Inc. while in the possession of "material non-public information" concerning Image Sensing Systems, Inc. and its subsidiaries (collectively, the "Company"), and (b) tipping or disclosing material non-public information to outside third parties, and in order to prevent even the appearance of improper insider trading or tipping, the Company has adopted this Policy Against Insider Trading (the "Policy") that covers the following persons, wherever located: all members of its board of directors; the Company's officers and employees; and the family members of board members, officers and employees (collectively, "Insiders"). The "Compliance Officer" (defined below) may also determine that the Policy applies to other persons, such as the Company's consultants, contract workers and temporary staff who may have access to material non-public information. Consultants, contract workers and temporary staff are not employees of the Company, and nothing in this Policy should be construed to the contrary.

The insider trading laws of the United States and most states in the U.S. prohibit buying or selling a company's securities while aware of material, non-public information about that company. It may also violate U.S. and state securities laws to disclose material, non-public information (deliberately or inadvertently) to another person (including your spouse, parent, child or sibling) if that person either buys or sells securities while aware of the information disclosed, or passes that information to a third party who does so. Providing advice regarding a company's stock while aware of material, non-public information regarding that company may also violate civil and criminal U.S. securities laws. If you make such a disclosure or provide such advice, you may be subject to damages, civil suits and criminal prosecution, regardless of whether you receive or the tippee receives financial gain from the transaction.

It is the Company's policy to comply with the U.S. and state insider trading laws and regulations. This Policy sets forth the requirements for compliance with insider trading laws and regulations. Please note that many countries other than the U.S. have similar laws regarding insider trading. Even if the activities prohibited in this Policy are not illegal in the country where an Insider is located, the Company's requirements for insider trading compliance apply to all Insiders regardless of their location.

Insiders of the Company are responsible for assuring that their family members (including spouses, minor children, or any other family members living in the same household) comply with the provisions of this Policy.

#### II. SCOPE

- A. This Policy covers all Insiders and any outside third parties whom the "Compliance Officer" (defined below) may designate as Insiders because they have access to material non-public information concerning the Company.
- B. The Policy applies to any and all transactions in the Company's securities, including its common stock and options to purchase common stock, and any other type of securities that the Company may issue, such as preferred stock, convertible debentures, warrants and exchange-traded options or other derivative securities. Securities transactions executed pursuant to "limit orders," "good until cancelled orders" or similar market orders are also subject to this Policy regardless of when the order was placed.
- C. The Policy will be delivered to all of the Company's Insiders and any designated outside third parties upon its adoption by the Company, and to all new Insiders and designated outside third parties at the start of their employment or relationship with the Company. Upon first receiving a copy of the Policy or any revised versions, each Insider must sign an acknowledgment that he or she has received a copy and agrees to comply with the Policy's terms. The Company's directors, officers and other employees who are subject to

Section 16 of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") may be required to certify compliance with the Policy on an annual basis.

### **III. INSIDER TRADING COMPLIANCE OFFICER**

The Company's Chief Financial Officer is its insider trading Compliance Officer (the "Compliance Officer"). In addition to the trading approval duties described in this Policy, the duties of the Compliance Officer include the following:

- Administering this Policy and monitoring and enforcing compliance with all Policy provisions and procedures.
- Responding to all inquiries relating to this Policy and its procedures.
- Designating special trading blackout periods during which no Insiders may trade in Company securities.
- Providing copies of this Policy and other appropriate materials to all current and new Insiders and such other persons whom the Compliance Officer determines have access to material non-public information concerning the Company.
- Administering, monitoring and enforcing compliance with all federal and state insider trading laws and regulations including, without limitation, Sections 10(b), 16, 20A and 21A of the Exchange Act and the rules and regulations promulgated thereunder, and Rule 144 under the Securities Act of 1933 (the "Securities Act"); and assisting in the preparation and filing of all required forms and reports relating to trading in Company securities including, without limitation, Forms 3, 4 and 5 for compliance with Section 16 of the Exchange Act, Form 144, and Schedules 13D and 13G.
- Recommending revisions to the Policy as necessary to reflect changes in federal or state insider trading laws and regulations.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer's duties if the Compliance Officer is unable or unavailable to perform such duties.

### **IV. DEFINITION OF "MATERIAL NON-PUBLIC INFORMATION"**

#### **A. WHAT IS "MATERIAL" INFORMATION?**

Information about the Company is "material" if it would be expected to affect the investment or voting decisions of the reasonable shareholder or investor, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. In simple terms, material information is any type of information which could reasonably be expected to affect the price of Company securities. There is no bright-line standard for assessing materiality. Instead, materiality is based on an assessment of all of the facts and circumstances, and it is often evaluated by enforcement authorities with the benefit of hindsight. In addition, material information includes both positive and negative information. If an Insider is uncertain whether information is material, the Insider should assume that it is material or consult with the Compliance Officer about the information's materiality.

Although it is not possible to identify all information that would be deemed "material," the following types of information about the Company ordinarily would be considered material:

- Financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity;
- Financial projections and strategic plans;
- Potential mergers and acquisitions, the sale of Company assets or subsidiaries, or the purchase by the Company of the assets or business of another company;
- New major contracts, orders, suppliers, customers, or finance sources, or the loss thereof;
- Major discoveries or significant changes or developments in products or product lines, research or technologies;

- Significant changes or developments in supplies or inventory, including significant product defects, recalls or returns;
- Significant pricing changes;
- Stock splits, public or private securities/debt offerings, or changes in Company dividend policies or amounts;
- Significant borrowings or financings or defaults on borrowings or financings;
- Significant changes in senior management;
- Significant labor disputes or negotiations; and
- Actual or threatened major litigation, or the resolution of such litigation.

For example, advance knowledge of the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

In considering whether confidential or proprietary information is material, Insiders should remember that the threshold for what is considered material may be lower for other companies than it is for the Company. The fact that the Company is simply evaluating a transaction with another company may constitute material, non-public information with regard to the other company. Examples of the types of transactions that may provide access to material, non-public information about another company include joint ventures, partnerships and collaborations; research and/or development agreements; in-licensing or out-licensing of products or product candidates; marketing, co-marketing, and co-promotion agreements; and acquisitions or other business combinations and strategic equity investments by the Company.

#### B. WHAT IS "NON-PUBLIC" INFORMATION?

Material information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated to the public in a manner that makes it generally available to investors. Information generally would be considered widely disseminated if it has been disclosed through the Dow Jones "broad tape"; newswire services; a broadcast on widely-available radio or television programs; publication in a widely-available newspaper, magazine or news website; or public disclosure documents filed with the U. S. Securities and Exchange Commission (the "SEC") that are available on the SEC's EDGAR website. By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, posted on the Company's website (other than reports also filed with the SEC), or if it is available only to a select group of analysts, brokers and institutional investors. The circulation of rumors, even if accurate and reported in the media, does not constitute public dissemination.

After a public announcement, a reasonable period of time must elapse in order for the market to react to the information. For the purposes of this Policy, information will be considered public, that is, no longer "non-public," after the close of trading on the second full trading day following the Company's widespread public release of the information.

## V. STATEMENT OF COMPANY POLICY AND PROCEDURES

### A. PROHIBITED AND REQUIRED ACTIVITIES

1. No Insider may trade in Company securities while possessing material non-public information concerning the issuer of the security, whether the issuer of that security is the Company or any other company.
2. No Insider may trade in Company securities outside of the applicable "trading windows" described below, or during any special trading blackout periods designated by the Compliance Officer.
3. All trades in Company securities must be cleared in advance with the Compliance Officer, although pre-clearance will not relieve an Insider of liability under the insider trading and tipping laws.
4. The Compliance Officer may not trade in Company securities unless the trade(s) have been pre-approved by the Chief Executive Officer.
5. No Insider may, directly or indirectly, disclose or "tip" material non-public information concerning the Company or any other company to any person who does not have knowledge of that material non-public information (including family members, friends, acquaintances, analysts, individual investors, and members of the investment community and news media). In any instance in which an Insider is contemplating disclosing material, non-public information to a person who does not have knowledge of such information, he or she should contact the Compliance Officer, who may prohibit such disclosure or who will take such steps as are necessary to preserve the confidentiality of the information, including requiring the recipient of the information to agree in writing to comply with the terms of this Policy and/or to sign a confidentiality agreement. All inquiries from persons who do not have knowledge of material non-public information about the Company regarding such information must be forwarded to the Compliance Officer.
6. No Insider may give trading advice of any kind about the Company to anyone while possessing material non-public information about the Company, except that Insiders should advise others not to trade if doing so might violate the law or this Policy. The Company strongly discourages all Insiders from giving trading advice concerning the Company to third parties even when the Insiders do not possess material non-public information about the Company.
7. No Insider may engage in hedging or monetization transactions with respect to the Company's securities. Although the SEC has not precisely defined the terms "hedge" and "hedging," for purposes of this Policy, these terms include financial instruments that are designed to hedge or offset decreases in the value of equity securities (including prepaid variable forward contracts, equity swaps, collars and exchange funds); short sales that hedge the economic risk of ownership; entering into borrowing or other arrangements involving a nonrecourse pledge of securities; selling security futures that establish a position that increase in value as the value of the underlying equity security decreases; and transactions that involve pledges of the underlying Company equity securities as collateral. These types of transactions and all similar transactions denominated in the Company's securities are prohibited.
8. For purposes of clarity, Insiders are prohibited from holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan.
9. No person subject to Section 16 of the Exchange Act may make a trade that would violate the short-swing profit rules.
10. No Insider may (a) trade in the securities of any other public company while possessing material non-public information concerning that company; (b) "tip" or disclose material non-public information concerning any other public company to anyone; or (c) give trading advice of any kind to anyone concerning any other public company while possessing material non-public information about that company.

### B. TRADING WINDOWS AND BLACKOUT PERIODS

1. *Trading Window.* Subject to the next paragraph, after obtaining trading approval from the Compliance Officer, Insiders may trade in Company securities only during the period beginning at the close of trading on the second full trading day after the Company's widespread public release of the previous period's quarterly and/or year-end earnings and ending at the close of trading on the 10th calendar day of the third month of the current fiscal quarter.

2. *No Trading During Trading Windows While in the Possession of Material Non-public Information.* No Insiders possessing material non-public information concerning the Company may trade in Company securities even during applicable trading windows. Persons possessing such information may trade during a trading window only after the close of trading on the second full trading day after the Company's widespread public release of the information.
3. *No Trading During Blackout Periods.* No Insiders may trade in Company securities outside of the applicable trading windows or during any special blackout periods that the Compliance Officer may designate. No Insiders may disclose to any outside third party that a special blackout period has been designated.

#### C. EMPLOYEE BENEFIT PLANS, GIFTS, AND MUTUAL FUNDS

1. *Employee Stock Purchase Plans.* The trading prohibitions and restrictions set forth in this Policy do not apply to periodic contributions by the Company or employees to any employee benefit plans (such as pension or 401(k) plans) which are used to purchase Company securities pursuant to the employees' advance instructions. However, no officers or employees may alter their instructions regarding the purchase or sale of Company securities in such plans while in the possession of material non-public information.
2. *Stock Option and Incentive Plans.* The trading prohibitions and restrictions of this Policy apply to all sales of securities acquired through the exercise of stock options or the vesting of stock awards granted by the Company, but not to the acquisition of securities through such exercises or vesting. A net settled exercise of an option where the Insider pays the exercise price of the option by giving the Company's shares to the Company, including shares subject to the option being exercised, is not subject to the trading prohibitions and restrictions set forth in this Policy. However, a broker-assisted cashless exercise of an option that involves a sale of the Company's shares on the open market or to any person that is not the Company is considered to include a sale transaction and therefore is allowed only during the trading window when the Insider is not in possession of material, non-public information.
3. *Withholding or Delivery of Shares to Pay Tax Liabilities.* Upon the vesting of restricted stock held by an Insider or the exercise of options by an Insider, the withholding by the Company of stock of the Insider, including the restricted stock or stock subject to the option, or the delivery of already-owned stock by the Insider to the Company, to satisfy the Insider's tax withholding obligations resulting from the vesting of the restricted stock or the exercise of the option is not subject to the trading prohibitions and restrictions set forth in this Policy.
4. *Bona Fide Gifts.* *Bona fide* gifts of Company securities are not transactions subject to this Policy unless either (a) the person making the gift has reason to believe that the recipient of the gift intends to sell the Company securities while the person making the gift is aware of material non-public information about the Company; or (b) the person making the gift is subject to the trading restrictions described above under the heading "V. B. Trading Windows and Blackout Periods" and the sales by the recipient of the Company securities will occur during a blackout period.
5. *Mutual Funds.* Transactions in publicly-traded mutual funds that are invested in Company securities are not subject to this Policy.

#### D. RULE 10b5-1 PLANS

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5 under the Exchange Act. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company securities that meets certain conditions specified in Rule 10b5-1 (a "Rule 10b5-1 Plan"). If the plan meets the requirements of Rule 10b5-1, Company securities may be purchased or sold without regard to certain insider trading restrictions. To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the requirements of Rule 10b5-1 under the Exchange Act. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the Rule 10b5-1 Plan is not aware of material non-public information. After the Rule 10b5-1 Plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, or the date of the trade. The Rule 10b5-1 Plan must either specify the amount, pricing, and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan and any amendment to a Rule 10b5-1 Plan must be submitted for approval to the Compliance Officer at least five trading days before the entry into the Rule 10b5-1 Plan or amendment to the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

#### E. PRE-CLEARANCE PROCEDURES

As set forth above, Insiders may not engage in any transaction in Company securities without first obtaining pre-clearance of the transaction from the Compliance Officer. A request for pre-clearance must be submitted to the Compliance Officer at least two trading days in advance of the proposed transaction. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction. If an Insider seeks pre-clearance, and permission to engage in the transaction is denied, then he or she should refrain from initiating any transaction in Company securities and should not inform any other person of the restriction.

When a request for pre-clearance is made, the requestor should carefully consider whether he or she may be aware of any material non-public information about the Company and should either (1) describe fully those circumstances to the Compliance Officer or (2) state to the Compliance Officer that he or she is not aware of any material non-public information regarding the Company. The requestor should also indicate whether he or she has effected any non-exempt “opposite-way” transactions within the past six months under Section 16 of the Exchange Act, and he or she should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. The requestor should also be prepared to comply with SEC Rule 144 and file Form 144, if necessary, at the time of any sale.

Any transactions approved under this pre-clearance procedure must be effected within five trading days of receipt of pre-clearance unless the Compliance Officer grants an exception. Transactions not effected with this time limit are again subject to the pre-clearance procedure. After the completion of the pre-cleared transaction, the Insider should notify the Compliance Officer of its completion. To communicate with the Compliance Officer for any reason in connection with this Policy, including to request pre-clearance of a transaction, please email the Compliance Officer at the Compliance Officer’s email address at the Company.

#### F. PRIORITY OF STATUTORY OR REGULATORY TRADING RESTRICTIONS

The trading prohibitions and restrictions set forth in this Policy will be superseded by any greater prohibitions or restrictions prescribed by federal or state securities laws and regulations, such as the short-swing profit provisions of Section 16(b) of the Exchange Act or restrictions on the sale of securities subject to Rule 144 under the Securities Act. Any Insider who is uncertain whether other prohibitions or restrictions apply should ask the Compliance Officer.

### **VI. POTENTIAL CIVIL, CRIMINAL AND DISCIPLINARY SANCTIONS**

#### A. CIVIL AND CRIMINAL PENALTIES

The consequences of prohibited insider trading or tipping can be severe. Under U.S. federal law, persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by the trading, pay the loss suffered by the person who purchased securities from or sold securities to the insider tippee, pay civil penalties up to three times the profit made or loss avoided, pay a criminal penalty of up to \$1 million, and serve a jail term of up to 10 years, and the Company and/or the supervisors of the person violating the rules may also be required to pay major civil or criminal penalties. In addition, there can be state law damages and penalties that can exceed the federal penalties.

#### B. COMPANY DISCIPLINE

Upon a violation of this Policy, whether or not such violation also is a violation of law, or upon a violation of federal or state insider trading or tipping laws by any director, officer, employee, or their family members, the Company

will take appropriate disciplinary measures, up to and including, as applicable, immediate termination of employment. The following is a non-exhaustive list of such possible disciplinary measures to which Insiders may be subject (subject to applicable law): oral or written warning, suspension, removal of job duties/responsibilities, demotion, reduction in compensation, and/or termination of employment. Subject to applicable laws, the Company reserves the right to take whatever disciplinary or other measure(s) it determines in its sole discretion to be appropriate in any particular situation. Nothing in this Policy changes the at-will nature of employment at the Company or its subsidiaries, where applicable. The Company may also terminate the services or work engagement of non-employee Insiders for violation of this Policy.

### C. REPORTING OF VIOLATIONS

Any Insider who violates this Policy or any federal or state laws governing insider trading or tipping, or knows of any such violation by any other Insiders, must report the violation immediately to the Compliance Officer. Upon learning of any such violation, the Compliance Officer, in consultation with the Company's legal counsel, will determine whether the Company should release any material non-public information, or whether the Company should report the violation to the SEC or other appropriate governmental authority.

## VII. INSIDERS ARE RESPONSIBLE FOR THEIR OWN COMPLIANCE

### A. COMPLIANCE WITH OTHER POLICIES AND LAWS

Every Insider worldwide is required to follow, as applicable: (1) the Image Sensing Systems, Inc. and Subsidiaries Code of Ethics and Business Conduct; (2) the Image Sensing Systems, Inc. Anti-Bribery and Corruption Policy; (3) laws and regulations applicable in the relevant jurisdictions; and (3) the Company's governance documents applicable to him or her including, without limitation, those relating to this Policy. Insiders should exert due diligence in preventing violations of such laws, regulations, and governance documents. Insiders must refer to the governance documents in effect for the geographic area in which they work or for which they are responsible, or request guidance from their supervisor or compliance representative with responsibility for that geographic area.

### B. DUTIES OF SUPERVISORS AND MANAGERS

The Company expects its supervisors and managers to (1) be familiar with (or take appropriate steps to become familiar with) the laws, regulations, and Company governance documents applicable to the activities they manage or supervise; (2) ensure their direct reports have appropriate training on compliance requirements to perform their job functions; and (3) supervise their direct reports with respect to compliance requirements and activities.

## VIII. INQUIRIES

Please direct all questions regarding any of the provisions or procedures of this Policy to the Compliance Officer.

Approved – May 31, 2007

Amended – December 27, 2016

Amended – December 6, 2019