



2023 Environmental, Social and Governance Report

September 2023

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Letter from Joe Bergera

At Iteris, we recognize the importance of safe, efficient and sustainable mobility to help cities, states and commercial enterprises thrive. Keeping people, goods and data moving while improving infrastructure and access to services not only enables economic growth, but promotes equity, sustainability and greater opportunity for all.

Iteris aligns with ESG principles

We are committed to a cleaner and more sustainable future and work every day with our public- and private-sector partners to reduce delays and dwell time at intersections, improve the efficiency of public transit, and reduce time spent roadside for heavy-emitting commercial freight vehicles.

Our work zone safety and maintenance-of-traffic data analytics combined with human expertise are revolutionizing the ways construction projects are conceived and implemented; among the benefits are increased onsite worker safety, faster project completion times and reduced congestion and emissions through more efficient lane closures.

In addition to our efforts to decarbonize mobility, our commitment to the highest standards of corporate governance is underpinned by our belief that the company's long-term interests are best served by engaging and being transparent with employees, customers, investors, and the industries and communities we serve.

New opportunities to serve

In FY23, the distribution of billions of dollars in federal funds began in earnest through the Infrastructure Investment and Jobs Act. With a focus on public safety, the vast number of new state and local transportation projects represents a unique opportunity to promote ESG principles such as social responsibility and environmental stewardship.

Iteris is fully committed to reversing recent alarming trends in traffic-related fatalities, and is well positioned to do so. From diagnostic solutions and grant action-planning services, to leading edge software and sensor technologies including a full set of post-project efficacy measurement tools, Iteris is helping agencies achieve their goals of drastically reducing crashes and emissions while protecting vulnerable road users.

Looking to the future

As a global leader in smart mobility infrastructure management, Iteris fully embraces the responsibility to conduct business in a sustainable way that benefits all of our stakeholders. We are ready to embark on the next phase of profitable and sustainable growth by: enabling our customers and partners to meet their sustainability goals through innovation, new product development and enhanced offerings via our ClearMobility® Platform and digital ecosystem; enhancing our position on environmental, social and governance issues by reducing our carbon emissions and helping our customers do the same; and maintaining a safe work environment that continues to foster a culture of diversity and inclusion among our employees and Board of Directors.

I am excited about the future and eager to make even more headway in our mission to make mobility safe, efficient and sustainable for everyone.

Joe Bergera
President and CEO, Iteris

Iteris combines leading software, hardware, and services on a platform that's built to enable the future of connected transportation.

10k+ public agency & commercial customers	200k+ sensors installed	2bn+ Detections per day
1.5 Petabytes of data processed annually	32 patents	440 Industry, technical & domain experts
\$156.1M FY 2023 revenue	17% Year-over-year revenue growth	24% Current ARR as % of total revenue

As of 06/30/2023



We are ushering in the next era of transportation

Iteris (NASDAQ: ITI) is the global leader in smart mobility infrastructure management. Our mission is to make mobility safe, efficient and sustainable for everyone. Our industry-leading portfolio of smart mobility infrastructure management solutions help communities across the United States reduce their carbon footprint.

ESG Principles

Iteris is a provider of smart mobility infrastructure management solutions that enable municipalities, transportation agencies and other transportation infrastructure providers to monitor, visualize and optimize mobility infrastructure to help ensure roads are safe, travel is efficient, and communities thrive. Additionally, we provide mobility data to automobile OEMs, media companies, insurance companies and other commercial entities, whose products and services have a high dependency on the performance and/or condition of mobility infrastructure. We believe our products, solutions and services increase safety and decrease congestion within our communities, while also minimizing environmental impact.

Iteris is committed to respecting, fostering and advancing the interests of all its stakeholders, including customers, suppliers, shareholders and the communities in which we operate.



ESG Principles

In support of Iteris' pledge to deliver exceptional value to all stakeholders, we are dedicated to supporting the following environmental, social, and governance (“ESG”) principles:



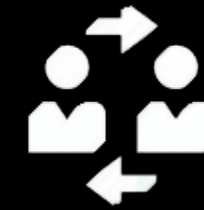
Environmental Stewardship

- Helping city and state transportation agencies, and commercial enterprises improve the sustainability of their transportation systems.
- Making immediate improvements in the environment and set the foundation for long-term reductions in emissions.
- Continuously identifying, developing and implementing state-of-the-art approaches that maximize the environmental benefits of often misunderstood or overlooked sustainability opportunities.



Social Responsibility in People and Culture

- Fostering an inclusive culture that values diversity across all functions, including hiring, retention and promotion practices at Iteris.
- Maintaining suitable working environments to protect the health, safety, and emotional well-being of employees at Iteris.
- Driving human capital management initiatives that promote employee development, training and support.
- Promoting awareness and prevention of human rights abuses through training and education.



Excellence in Corporate Governance

- Ensuring high standards of accountability through clear and open communication with all internal and external stakeholders about ESG-related issues.
- Encouraging strict policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act and the OECD Anti-Bribery Convention.



Environmental Stewardship

Environmental Stewardship

Iteris is proud to help city and state transportation agencies and commercial enterprises across the country improve the sustainability of their transportation systems with innovative smart mobility solutions that both make immediate improvements in the environment and set the foundation for long-term reductions in emissions due to the infrastructure-level nature of the solutions.

Underlying our activities to help our customers decarbonize mobility in their regions is our deep-rooted commitment to reducing the company's impact on the environment. We strive to promote sustainability and environmental awareness at all levels of the company, as well as improve our environmental performance over time.

Our Policy

In July 2020, our Board of Directors formally adopted the Iteris Environment Policy Statement, which is overseen by our executive leadership and promoted through various teams and committees within the company. Employees spanning multiple functions and disciplines are tasked with implementing and improving upon the company's environmental stewardship initiatives and activities.

In January 2022, our Board expanded the Environmental Policy Statement by ratifying its support of environmental goals of the United Nations Global Compact.

Our Accountability

We report on our environmental activities to our Board of Directors on a regular ad-hoc basis, as well as annually in our proxy statement (Form DEF 14A). From time to time, we may elect to actively engage with external third parties to further identify, review and manage our environment strategies.



Our Commitment

Iteris' commitment to environmental stewardship includes, among other initiatives:

- Comply with all applicable environmental legislation;
- Prevent pollution and reduce resource consumption through waste management strategies;
- Incorporate energy efficiency measures into all areas of business activity;
- Provide alternatives to unnecessary business travel;
- Educate staff about environmental impacts of their work activities and empower them to help minimize those impacts; and
- Continuously improve over time with measurable goals to reduce environmental impacts more each year.

Environmental stewardship in action

As part of our commitment to promote sustainability and environmental awareness at all levels of the company, Iteris has put in place the following initiatives:



New fleet vehicles are **30% to 50% more fuel-efficient**

Flexible working arrangements

Iteris promotes hybrid-work arrangements for the majority of employees. Beyond supporting employees in creating a better work-life balance, Iteris' flexible working arrangements enable the company to reduce its office space footprint and, as a result, lower carbon emissions by reducing unnecessary commuting for employees that opt to work from home on certain days of the week.

Responsible supply chain

We are committed to advancing supply chain responsibility by reducing risk, improving product quality, and raising overall performance of our suppliers. In furtherance of this commitment, we survey our suppliers annually and distribute to them Iteris' Conflict Minerals Policy, which prevents profits from the sale of tantalum, tin, tungsten, and gold from funding conflict in the Democratic Republic of the Congo and adjoining countries.

Investment in fuel-efficient vehicles

In FY23 we started transitioning our fleet of 20 sales to support vehicles currently comprised of truck and full-size SUVs to more fuel-efficient models to minimize our environmental footprint.

Post-pandemic supply chain limitations on vehicle inventory slowed our initial plan.

By the end of FY24, we expect 50% of our fleet to be comprised of more efficient vehicles, resulting in a 30% to 50% improvement in fuel efficiency.

Environmental Stewardship

Expansion of lean work practices

Iteris continues to expand lean practices across the company and across functions, striving to create internal efficiencies whenever possible, including in the area of sustainability. In Fiscal Year 2023 our manufacturing organization launched a LEAN training program, which in combination with our focus on reducing our impact has resulted in a 30% reduction in our use of foam packaging—the equivalent of half a semi-trailer every month. We have also implemented reusable packaging to significantly reduce pallet usage and cardboard waste. Space utilization was improved by 15%, which optimized the flow, movement, and handling of materials.

In the upcoming year we are looking to implement a Plan-For-Every-Part methodology, which focuses on delivering the right materials, in the right quantities, in the right packaging, at the right time to further reduce waste and increase sustainability.



BEFORE

Space utilization
improved by
15%



AFTER



**30%
Reduction**
in our use of foam packaging

Environmental Stewardship

Market and Customer Benefits

Iteris is committed to a cleaner, healthier and more sustainable future. To that end, our multi-disciplinary experts continuously identify, develop and implement state-of-the-art approaches that maximize the environmental benefits of often misunderstood or overlooked sustainability opportunities, while also advancing the transition to carbon-free mobility.



These opportunities include:

Sustainability Opportunity	Description
Optimize traffic signal timing	Method of timing groups of traffic signals along an arterial street to provide for smooth movement of traffic with minimal stops, thereby reducing delays, which results in a better flow of traffic, and minimizes fuel consumption and carbon emissions
Mitigate construction-related pollution	Process of establishing a work zone, providing related transportation management and temporary traffic control on street and highway rights of way that maximize safety, while minimizing congestion, fuel consumption and air pollution
Reduce transit vehicle emissions	Set of operational improvements that minimizes dwell time and fuel consumption at traffic signals for transit vehicles
Manage transportation corridors as multimodal systems	Methods and technologies to reduce congestion and fuel consumption, as well as improve safety, by appropriately diverting traffic to parallel routes containing unused capacity
Automate commercial vehicle inspection and enforcement	Methods and technologies to monitor and ensure compliance with various requirements related to the operation of commercial vehicles, including fuel leaks, weight restrictions, tire inflation, mechanical fitness, and other factors that impact fuel consumption and carbon emissions

According to the U.S. Energy Information Administration, transportation accounts for about one third of the world's and over one quarter of the United States' total energy consumption. Today, gasoline and diesel fuel provide 90% of all energy used for transportation. During the next few decades, the number of vehicle miles traveled in the U.S. is forecast to increase more than 20%, which will increase fossil fuel consumption and associated air pollution, even with the growth in electric vehicles. This is likely to be particularly problematic for large urban areas, which continue to be magnets for population growth and economic activity, and therefore experience high levels of congestion and carbon emissions.

Because it will take multiple decades to fully decarbonize mobility, public and private-sector stakeholders must pursue broad-based, multidimensional opportunities to minimize carbon emissions. Yet, many of the most practical and effective opportunities are overlooked, underutilized or suboptimized due to a lack of public education and industry collaboration.

28%
of all the energy used in
the United States is used
for transportation

Source: U.S. Energy Information Administration

Making environmental improvements
for the cities and states we serve

Smart mobility infrastructure management offers a vision of seamless, integrated urban transport, with the added benefits of efficient resource management, greater cost savings and better air quality, and Iteris is leading the way.

By reducing delays and stops as part of traffic signal timing projects, improving the efficiency of public transit via signal priority programs, reducing time spent roadside for heavy-emitting commercial freight vehicles during inspection, to name just a few examples, Iteris’ portfolio of smart mobility infrastructure management solutions is currently helping cities and states to reduce their carbon footprint. Internally, we have also turned toward more fuel-efficient and sustainable company vehicles and reusable packaging to reduce our carbon footprint.

Optimizing traffic signal timing to
reduce carbon emissions

Due to our innovative approach, Iteris has become a national thought leader and market-share leader in traffic signal synchronization. We have completed more than 3,000 traffic signal timing, coordination or synchronization projects, covering over 27,000 intersections across 20 states that are used to control traffic flow for 7,500+ road miles. We have a particularly strong presence in major metropolitan areas that represent some of the most congested roadways in the nation. In fact, Iteris is currently engaged in traffic signal synchronization programs in four of the top 10 metropolitan areas in the US.



3,000+

traffic signal timing,
coordination or
synchronization projects
completed



27,000+

intersections covered



7,500+

road miles of traffic flow
controlled

Environmental
Stewardship

City of Orange,
California

Our work includes a traffic signal synchronization program for the City of Orange, California. This program, which is funded by Orange County Transportation Authority (OCTA), advances OCTA’s goals to reduce countywide travel time, fuel consumption and greenhouse gas emissions, while improving safety and mobility, and improving the overall travel experience for all road users, including vehicles, buses, bicycles and pedestrians. Since launch, this traffic signal synchronization program has resulted in a 13% reduction in travel time, a 52-million-gallon reduction in fuel consumption and an 885-million-pound reduction in greenhouse gas emissions, according to OCTA.

885m

pounds in greenhouse gas
reduction

52m

gallons in fuel consumption
use reduction

19%

better travel experience with
reduced travel times, stops and
delays allow more time spent with
family and friends

13%

reduction in travel time





Social Responsibility in People and Culture

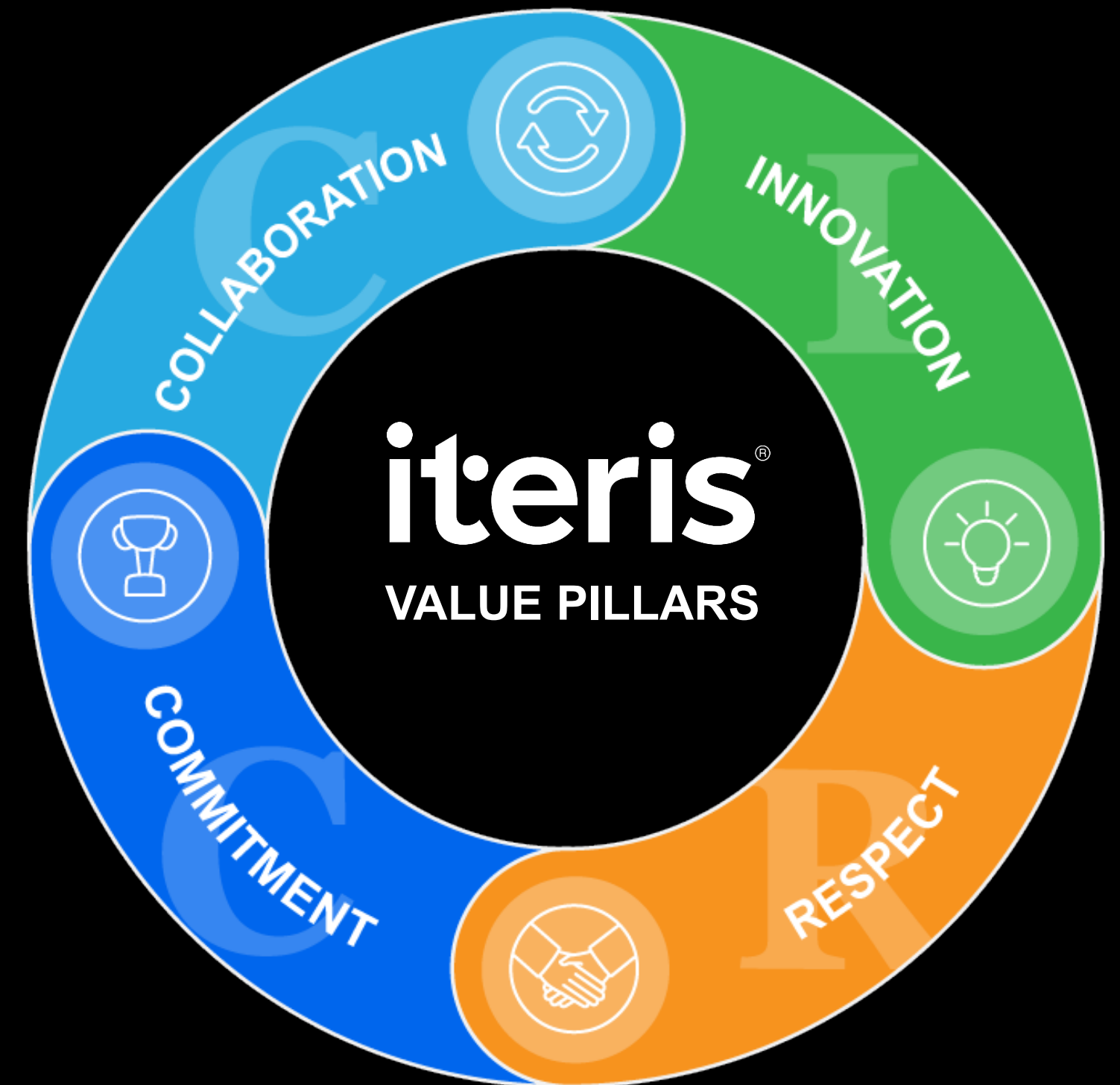
Social Responsibility in People and Culture

Since our founding in 2004, Iteris has been committed to the highest standards of corporate citizenship and to promoting corporate social responsibility throughout the organization. Our core values of Commitment, Innovation, Responsibility and Collaboration (CIRC) are rooted in our people and culture – and driven both from the top down and bottom up. As the global leader in smart mobility infrastructure management, we take seriously our mission to help cities, states and commercial enterprises make mobility safe, efficient and sustainable for everyone.

To achieve this, we are committed to:

- fostering, cultivating and preserving a culture of diversity and inclusion;
- promoting and respecting human rights and avoiding complicity in any human rights abuse; and
- training and developing our staff to enable their success in their respective fields

Underlying our corporate social responsibility commitment is a set of core policies that outline our approach and guide our activities.



Social Responsibility in People and Culture

Diversity and Inclusion

At Iteris, it is understood that each individual is unique, and appreciation of our individual differences is critical for the growth and success of our business. These differences can include skills/experience, thought, gender, age, disability, ethnicity, cultural or socioeconomic background, religion, sexual orientation, political or ideological beliefs as well as other dimensions such as lifestyle and family responsibilities. All employees, no matter whether they are part-time, full-time or temporary, will be treated fairly and with respect. When Iteris selects candidates for employment, promotion, training or any other benefit, it will be on the basis of their aptitude and ability. All employees will be given help and encouragement to develop their full potential and utilize their unique talents. Therefore, the skills and resources of our organization will be fully utilized, and we will maximize the efficiency of our whole workforce.

Additionally, as a contractor for the United States Government, we develop and implement an affirmative action plan to (1) assess our inclusion of women, members of minority groups, protected veterans, and individuals with disabilities into our workforce, (2) establish goals for increased inclusion and (3) implement strategies to reach those goals.

Our Policy

In April 2021, Iteris published its Diversity & Inclusion Policy, which is monitored and reviewed annually to ensure that diversity and inclusion are continually promoted in the workplace.



Our Commitment:

Our Commitment to our employees is to create an environment in which individual differences and the contributions of all team members are recognized and valued. We strive to provide a workplace that is free from discrimination, harassment, bullying, victimization and vilification by encouraging and enforcing the following:

Respectful communication and cooperation between all employees

Teamwork and employee participation, permitting the representation of all groups and employee perspectives

Equal employment, development and training opportunities targeting a diverse range of talented people based on ability, performance and potential

Encourage anyone who feels they have been subject to discrimination to raise their concerns so we can apply corrective measures

Regularly review all our employment practices and procedures so that fairness is always maintained

Social Responsibility in People and Culture

Diversity and inclusion in action

FAIR (Females At Iteris Rising) Program

Female advancement and development are increasingly at the forefront of our mission at Iteris. In April 2021, Iteris created the **FAIR** (Females At Iteris Rising) Program to establish a women-oriented network, and help identify and execute companywide initiatives to attract, retain, support, and develop women at Iteris.

FAIR committee members can be involved in various projects, including identifying and implementing policy changes, creating programs to advance and retain women at Iteris, and organizing FAIR events, including panel and roundtable discussions. We are certain that this effort will set a strong foundation for females at Iteris and within our industry ultimately resulting in solidifying our reputation as a preferred employer amongst women in the transportation industry.



Community building

The FAIR committee has remained committed to not only attracting, retaining, developing, and supporting women at Iteris but also has focused on building a strong internal community that surrounds the FAIR mission. These community activities include frequent social hours, book clubs, and round table discussions about the FAIR program.



Iteris' success is built on the drive and entrepreneurial spirit of our diverse family of experts in their field. I have been working at Iteris for close to 10 years, and I am proud of the progress we have made in that time to grow the number and influence of women across the organization. To highlight one big success, our software product management practice is more gender-balanced, which I'm confident helps us better serve our customers and their customers – the traveling public. Even small successes can have a snowball effect – think of how much easier it is to recruit and hire talented women when you have at least one woman on your interview panel.



- **Tiffany Symes**,
Senior Director Product
Management & FAIR
Chairperson

Social Responsibility in People and Culture

Diversity and Inclusion in action (continued)

Diversifying our Workforce and Fair Pay

We advertise open positions on diverse hiring sites including Women in Transportation and Open Jobs Network. Our Talent Acquisition team is committed to identifying new applicant sources to generate a diverse pool of qualified candidates.

We are committed to equal pay for equal work and monitor pay equity as part of our ongoing diversity and inclusion efforts.



Human Rights

At Iteris, we have always believed that human rights are fundamental rights, freedoms and standards of treatment to which all people are entitled. Respect for human rights is rooted in our company values and we are committed to being a responsible member of the communities in which we live and work by promoting and respecting human rights, and avoiding complicity in any human rights abuse.



Social Responsibility in People and Culture

Our Policy

The Iteris Human Rights Policy Statement was adopted by our Board of Directors in July 2020. The policy formalizes our commitment to respect and support human rights, and embodies principles reflected in the United Nations (UN) Global Compact, Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, core International Labour Organization Conventions, and the laws of the countries in which we operate.

Our Accountability

We report on our human rights activities to our Board of Directors on a regular ad-hoc basis, as well as annually in our proxy statement (Form DEF 14A). From time to time, we may elect to actively engage with external third parties to further identify, review and manage our human rights strategies.



Our Commitment

Our policy formalizes our commitment to:

Respect the cultures, customs and values of the people in communities in which we operate;

Contribute to the promotion of the fulfillment of human rights through improving economic, environmental and social conditions;

Seek to participate or otherwise be involved where appropriate in public and multilateral affairs in a non-partisan and responsible way to promote internationally recognized human rights; and

Play a positive role, within our spheres of influence, in capacity building for the realization of, and to promote corporate responsibility to respect, human rights within the countries where we have operation.

At Iteris, we believe in the power of people and technology, and that innovation can **catalyze social change for the better.**

Social Responsibility in People and Culture

Human rights in action

The Thriving Communities project was launched in late fiscal year 2019 with the intent to use the power of our people, technology, and innovation to improve the communities in which we live and work.

Our employees were surveyed to determine where we might best focus our community outreach efforts. Ultimately, Iteris committed to joining the fight against human trafficking. This initiative allows us, as a transportation industry leader, to leverage our collective impact in combating modern day slavery. Our focus areas are training and education, increasing public awareness, and information sharing and providing opportunity for community outreach.



Iteris' policy statement against trafficking in persons and slavery

In December 2020, Iteris published a policy statement against trafficking in persons and slavery on its investor relations website. The purpose of this policy is to instill a climate of full compliance with all federal and state laws concerning the United States government's policy prohibiting trafficking in persons, including Federal Acquisition Regulation requirements. This policy applies to all employees of Iteris and its wholly owned subsidiaries, as well as all applicants for regular, temporary, part-time employment (including intern positions), suppliers and contractors.

As education is key in the fight against human trafficking, we have implemented a standard mandatory training program on anti-slavery and human trafficking issues to employees as part of our annual training and onboarding program. We have also implemented awareness initiatives, such as live webinars, to help our employees identify the signs of slavery and human trafficking, and what to do in case they suspect someone has fallen victim of this horrific crime.

Social Responsibility in People and Culture

United States Department of Transportation’s Transportation Leaders Against Human Trafficking (TLAHT) initiative

Iteris President and CEO, Joe Bergera, signed a pledge on behalf of Iteris to join the United States Department of Transportation’s Transportation Leaders Against Human Trafficking (TLAHT) initiative. The TLAHT initiative comprises transportation and travel industry stakeholders that have committed to working jointly to maximize their collective impact in combating human trafficking. To date, TLAHT has engaged with hundreds of organizations from across the transportation industry and Iteris is proud to be an official signee.

Iteris Observes Human Trafficking Awareness Month

The Iteris Thriving Communities Committee actively seeks opportunities to make an impact in the fight against human trafficking. In January, which is National Human Trafficking Awareness Month, we observe and promote a company-wide #IterisWearsBlueDay. As part of this initiative, which is spearheaded by the Department of Homeland Security’s Blue Campaign, we invite all employees to take photos of themselves, friends, family and colleagues wearing blue clothing, and share them on social media and tag #IterisWearsBlueDay in a show of support and solidarity with the victims of trafficking.

Additionally, Iteris partners with non-profit organizations like A21 and Miracles Outreach, who are committed to rescuing victims of human trafficking as well as providing after-care services to those victims. Through these partnerships, we are able to provide education / training as well as community outreach opportunities, all critical to the success of this initiative.



Social Responsibility in People and Culture



Fair, competitive compensation

Iteris is committed to fairly and competitively compensate its employees relative to the industry and local labor market. We work to ensure full compliance with applicable wage, work hours, overtime and benefits laws.



Respect and equal opportunity for all

In addition, Iteris is committed to compliance with all applicable laws providing equal employment opportunities and has policies that, among other things, prohibit unlawful discrimination based on race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic predisposition or genetic information, marital status, sex, gender, gender identity, gender expression, age, military status, veteran status, uniformed service member status, sexual orientation, transgender identity, citizenship status, pregnancy, or any other consideration made unlawful by federal, state, or local laws.



Ensuring labor rights

Iteris recognizes that in many of the locations where Iteris operates, employees have the right to freely associate or not associate with third party organizations, such as labor organizations, along with the right to bargain or not to bargain collectively and to engage in peaceful assembly in conformance with local laws, as well as the right of employees to refrain from such activities. Iteris respects those rights and is further committed to treating our employees with dignity and respect and creating an environment of open communication where employees can speak with their managers about their ideas, concerns or problems, and team together to address workplace issues.



Strict compliance with source materials regulations

As part of the company’s commitment to protect human rights, Iteris seeks to source materials for its products from companies that share our values around human rights, ethics, and environmental responsibility.

Under the rules of the U.S. Securities and Exchange Commission (SEC) , Iteris is required to undertake due-diligence in an effort to determine the source and chain of custody of Conflict Minerals that are necessary to the functionality or production of its products and to report publicly on an annual basis its use of Conflict Minerals originating from the Democratic Republic of the Congo or adjoining countries in the company’s products. Iteris is committed to complying with all requirements applicable to Iteris under the rules and has implemented a due-diligence process to meet its obligations under the legislation.



Human capital management

At Iteris we recognize that our employees are our most important asset. To that end, we are committed to actively engaging with leadership to support our efforts to be an employer of choice for top talent.

Our human capital management strategy reflects our values and growth mindset.

Social Responsibility in People and Culture



Talent Development

In FY23, we continued to focus efforts on talent development, with investment across the organization by providing access to career development resources, training and support. Executive leadership, in partnership with our people leaders, sought to identify high-potential employees, emerging skills/skill gaps and opportunities to support employees through mentorship. All employees also receive annual performance reviews.

Since its inception, we have trained 68 of 80 people leaders at Iteris for a participation rate of over 85% in the Leadership Accelerator program. In Fiscal 2023, 17 employees graduated from the leadership training and coaching program.



Learning at Iteris

We offer a comprehensive training program that includes online, on-demand training; classroom-based technical training and certification; classroom-based leadership training and individualized coaching. The leadership training and individualized coaching is facilitated by an independent management consulting firm.

In late FY22, Iteris launched an official Learning Management System. Through our partnership with a platform of 70,000+ on-demand e-learning modules, we curated a variety of interactive modules and learning paths. Iteris employees have 24/7 access to a growing database of virtual training in fields including leadership and project management, technical skills, business acumen skills, and health and wellness. Additionally, we are now able to manage compliance training more efficiently.



Pay and Benefits

We have a variety of total rewards programs, which include but is not limited to a flexible workplace, comprehensive medical/dental/vision insurance, flexible paid time off, an employee assistance program, short/long term disability, life insurance, retirement and long-term incentive programs, equity grants, employee stock purchase, competitive compensation, and recognition programs.

401(k) plan has a 93% participation rate among eligible employees. In partnership with Morgan Stanley, Iteris employees are able to take advantage of comprehensive financial planning services as well as frequent financial wellness education sessions.

Social Responsibility in People and Culture

Establishing a culture of mentorship

In early FY22, we piloted the Iteris Mentorship program to foster career development, new perspectives and personal connections. The program began with an application process whereby 20 mentors were paired with mentees based on common attributes. This program is unique in that it provides a high level of engagement from our executive leadership team. We are currently in our third cohort, with employees expressing an overwhelming level of interest in the program and continue to receive positive feedback on the program.

Employee engagement

We conduct biannual, all-employee engagement surveys to measure ongoing employee sentiment and encourage feedback on specific focus areas. Based on these surveys, we are able to focus efforts on the areas our employees identified as areas of interest or are needing improvement.

Iteris is one of the few companies in the mobility technology industry that is tracking employee Net Promoter Scores. Even though no formal industry benchmark exists yet to compare ourselves to, our current employee Net Promoter Score shows that our employees are happy at work and would recommend us to their peers.



Employee Retention

FY23 Total Employee
Turnover:
19%

FY23 Professional*
Staff Turnover:
13%

* Professional Staff does not include hourly Traffic Operation Center employees

Employee Diversity

Female Employee
Representation

29%
of total
employee base

25%
of management

Racial and Ethnic
Minority Representation

39%
of total
employee base

29%
of management

Corporate Governance

How Iteris does business matters.

To ensure that everything we do reflects our mission, vision and values, our policies and procedures are built on respect for all people, honesty, excellence, trustworthiness, fairness and accountability.

Iteris' commitment to the highest standards of corporate governance is underpinned by our belief that the company's long-term interests are best served by engaging and being transparent with employees, customers, investors, and the industries and communities we serve.

We frequently engage with these stakeholder groups through investor and industry conferences, one-on-one meetings, and email and direct mail communications as part of our commitment to open and honest dialogue about the company's activities.

To that end, we have made our various corporate governance policies and charters publicly available in the Investor Relations section of our website.

In addition, as part of our inaugural Environmental, Social and Governance Report, we are highlighting details of our Board of Directors and our executive compensation.

Corporate Governance

Iteris, Inc. is a publicly held company that trades on the NASDAQ under the ticker symbol “ITI.” The Iteris [Board of Directors](#) serves as the company’s highest governing body, is actively engaged in the company’s corporate governance matters and is regularly appraised of, and oversees, the matters discussed in this report.

In addition, our Board allocates its risk oversight obligations between three committees: the Audit Committee, the Nominating Corporate Governance Committee, and the Compensation Committee. We have adopted a comprehensive set of policies and procedures to provide for effective corporate governance and appropriate ethical standards and practices for our company to align our business practices with our values.

The interplay between our board-level committees and our policies are summarized here:

Board Committee Charters

- [Charter of the Audit Committee of the Board of Directors of Iteris, Inc.](#)
- [Charter of the Compensation Committee of the Board of Directors of Iteris, Inc.](#)
- [Charter of the Nominating and Corporate Governance Committee of the Board of Directors of Iteris, Inc.](#)

Corporate Governance Documents

- [Code of Ethics](#)
- [Foreign Corrupt Practices Act \(FCPA\) Policy and Practices](#)

FY2023* Board and Governance Information

Size of Board	7 ⁽¹⁾
Percentage of Independent Directors	86%
Classified Board of Directors	N
No. of Directors Attending > 95% of Board Meetings	5 ⁽²⁾
Board Meetings Held During FY 2023	6
Annual Board and Committee Self Assessments	Y
Regular Executive Sessions without Management	Y
Poison Pill	N
Code of Business Conduct and Ethics	Y
Stock Ownership Guidelines: Directors and Executives	Y
Anti-Hedging and Pledging Policies	Y
Compensation Clawback Policy	Y
Capital Structure with One Vote per Common Share	Y

* Iteris’ FY2023 ended on 03/31/2023
(1) Two new board members were announced in July 2023
(2) FY23 results, prior to addition of new board members



Corporate Governance

Executive Compensation

We believe that having management's compensation tied to our near and long-term performance is key to ensuring the company's continued performance, and bringing lasting benefits to our employees, customers, partners and stockholders.

In general, these compensation programs reward achievement of challenging performance goals that align with our business strategy. Iteris has a continued and heightened commitment to pay-for-performance and to corporate governance best practices. Our executive compensation program is reviewed annually to ensure that executive compensation is structured appropriately to achieve company strategies and objectives. Read more about our company's approach to executive compensation in our [Financial Reports](#).



Ethics

Iteris is committed to the highest standards of legal and ethical business conduct and seeks to foster an environment of awareness where the prompt reporting of any unethical or illegal behavior or any violations of our corporate policies is encouraged and dealt with fairly. Ethical conduct is an inherent obligation of our directors, officers and employees. Accordingly, we have adopted a Code of Ethics and Business Conduct to promote the high standards of ethical conduct we value.

In March 2022, our Board adopted updates to our Code of Ethics to empower our directors, officers and employees to be responsible for carrying out and monitoring compliance to our Code of Ethics by reporting known or suspected illegal or unethical behavior without retaliation.

Complaints, concerns or questions pertaining to accounting, internal accounting controls or auditing matters, or financial fraud, securities fraud or other securities law violations are to be reported to our Board of Directors or to members of our Audit Committee.

Additional methods to anonymously report these behaviors is provided in our Code of Ethics, which is staffed by a third-party company operating 24 hours a day, 7 days a week.

We have a policy of non-retaliation and abide by federal and state laws providing legal protection to certain types of whistleblowers. We believe our Code of Ethics help foster an ethical workplace and culture of integrity as well as promote the high standards of ethical conduct we value.

An aerial, high-angle view of a city street at night, heavily blurred and overlaid with a semi-transparent blue filter. The image shows streetlights, crosswalks, and some vehicles, creating a bokeh effect with soft, out-of-focus lights.

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Non-GAAP Financial Measures Note

Regarding Non-GAAP Financial Information

This presentation contains non-GAAP financial measures, including Adjusted EBITDA (which excludes interest expense, income tax expense (benefit), depreciation, amortization, stock-based compensation expense, net gain on divestitures, project loss reserves and restructuring charges). The Company believes the presentation of these non-GAAP financial measures provide important supplemental information to management and investors regarding financial and business trends relating to its financial condition and results of operations. The Company's management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating the Company's actual and forecasted operating performance, capital resources and cash flow. The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company discloses different non-GAAP financial measures in order to provide greater transparency and to help the Company's investors to more meaningfully evaluate and compare the Company's results to its previously reported results. The non-GAAP financial measures that the Company uses may not be comparable to similarly titled financial measures used by other companies. For more information on our non-GAAP financial measures and a reconciliation of such measures to the nearest GAAP measure, please see our latest 10-Q filing.