



## Digimarc Stock Ownership Guidelines

Our non-employee directors and named executive officers are subject to the stock ownership guidelines. Under our guidelines, named executive officers and non-employee directors are required to own Company stock as a means of supporting alignment with the interests of our long-term shareholders. The Board believes that it is important for its members and named executive officers to hold baseline amounts of Company stock to meet that objective.

The Board has reviewed and established the level of required holdings in the following amounts:

- for non-employee directors: 6x their regular annual Board service cash retainer
- for the Chief Executive Officer: 6x annual base pay
- for the other named executive officers: 3x annual base pay

To calculate the number of shares necessary to satisfy our Stock Ownership Guidelines, we include the following shares: (1) shares owned directly (or indirectly through a 401(k) plan or Employee Stock Purchase Plan); and (2) unvested restricted stock awards and RSUs that vest based solely on continued service, and PRSUs that have been earned based on performance but remain subject to time-based vesting, based on an estimated net-after tax number of shares. Effective August 2, 2021, vested but unexercised stock options do not count in the number of shares for purposes of the compliance calculation. For converting the targeted value to a number of shares, we use the higher of the 20 days moving average price of our common stock at end of our most recent fiscal year or the end of each fiscal quarter of the most recent fiscal year.

To support compliance with our Stock Ownership Guidelines, we have established rigorous retention requirements that limit the ability of non-employee directors and named executive officers to sell Company stock until/unless the individual is in compliance with the guideline ownership requirement, as follows:

- 100% of net vested securities if holdings are below 50% of the guideline ownership requirement, and
- 75% of net vested securities if holdings are between 50% and 100% of the guideline ownership requirement

Non-employee directors and named executives are strongly encouraged to reach their required stock ownership level in no more than five years.

From time-to-time, the Governance, Nominating and Sustainability Committee, in consultation and coordination with the Compensation Committee, will review and update (as necessary) the rules and standards governing our Stock Ownership Guidelines, including the following:

- which equity holdings count toward the ownership requirement
- the share price used to calculate the value of ownership for compliance purposes, including the duration of the measurement period



- holding and accumulation requirements
- the duration of any phase-in period for new named officers and non-employee directors to come into compliance with the guidelines
- the nature and extent of any hardship provisions
- the frequency of compliance reporting
- any remedial actions for non-compliance