



Compensation Philosophy

Summary

The philosophy behind Digimarc's compensation program is intended to support the company's mission, values and success. We believe our compensation program is a management tool that, when aligned with an effective communication plan, will support, reinforce, and align our values, business strategy, and operational & financial goals of profitable growth and appreciation of our company's value in the public equity markets.

Digimarc's compensation program is designed to pay all our employees fairly for their performance and contributions. We do this by balancing a wide variety of important internal and external factors, including geographical, aligned to our company culture and values. All employees are paid a living wage.

We strive to provide base salary that meets the market when employees are fully proficient in all aspects of their position and meeting all expectations. We believe that employees consistently performing above expectations and above proficiency in the role should be rewarded with compensation at or above midpoint of market. Employees who are new to their role and/or not meeting expectations would generally be paid below midpoint of market. The company uses restricted stock to incentivize employees that contribute to the strategic goals of the company, as defined in our Balanced Scorecard. Variable compensation may be available to certain identified positions within sales, based on an annual sales compensation plan related to company objectives. In alignment with our company culture, we will strive to communicate openly about the objectives of the company and the design of the compensation program. The compensation process is intended to be fair and simple so that all employees and managers understand the goals and the outcomes of the process.

Digimarc is committed to administering the compensation program in a manner that is consistent and free of discrimination.

Compensation Components:

Component	Purpose
Base Salary	<ul style="list-style-type: none">• Provide a salary consistent with position's value to the company• Encourage, recognize and reward performance, career growth and progression• Base salary is only one component of total compensation
Restricted Stock Plan	<ul style="list-style-type: none">• Long-term incentive for employees with restricted stock at time of hire and opportunity for annual stock refresh• Short-term incentive with quarterly vesting over a four year period<ul style="list-style-type: none">• Providing guaranteed bonus once restricted stock has vested• Aligns employee and shareholder interest
Variable Compensation	<ul style="list-style-type: none">• Commissions as it relates to certain identified Sales positions
Benefits	<ul style="list-style-type: none">• Benefits provided by the company are an important part of total compensation• Company-paid benefits may include 401(k) match, FTO, sick time, volunteer day off, tuition reimbursement, short term/long term disability, immigration support, health and life benefits