

## **CORPORATE GOVERNANCE GUIDELINES**

The purpose of these Corporate Governance Guidelines (the "Guidelines") is to provide a framework for the Board of Directors (the "Board") to assist it in connection with governance over the affairs of Digimarc Corporation ("Digimarc" or "Corporation"). In furtherance of this objective, the Board has adopted the following principles as Digimarc's Corporate Governance Guidelines ("Guidelines").

### **I. INTRODUCTION**

These Guidelines are part of a framework for the governance of Digimarc. This framework includes, among other things, the Corporation's Articles of Incorporation (the "Articles of Incorporation"), the Corporation's Bylaws, as amended from time to time, (the "Bylaws"), and the charters of the Board committees. These Guidelines are intended to assist the Board in the exercise of its responsibilities. As the operation of the Board is a dynamic process, these Guidelines will be reviewed periodically and may be changed by the Board from time to time.

### **II. MISSION**

Digimarc shall aspire to the highest standards of ethical conduct. This includes, without limitation, reporting results with accuracy and transparency and maintaining compliance with all laws, rules and regulations that govern the Corporation's businesses.

### **III. BOARD BUSINESS JUDGMENT**

In all actions taken by the Board, the Directors are expected to exercise their business judgment in what they reasonably believe to be in the best interests of the Corporation and its shareholders. In discharging that obligation, Directors may rely on the honesty, integrity and advice of the Corporation's senior executives and its outside advisors and auditors.

The Board is elected by the shareholders to be their representatives. Both the Board and management recognize that the shareholders' long-term interests are advanced by responsibly addressing shareholder concerns and the concerns of other stakeholders essential to the Corporation's success, including employees, customers, business partners, suppliers, the communities in which Digimarc does business, the government and the public.

### **IV. GUIDELINES FOR BOARD REVIEW**

The Board may review reports by management on the performance of the Corporation, its plans and prospects, as well as issues facing the Corporation, during its regularly scheduled meetings and any special meetings. Directors are generally expected to prepare for, attend and participate in Board and applicable committee meetings to the maximum extent possible. In addition to its general oversight responsibilities, the Board also may perform a number of specific functions from time to time, as appropriate or as otherwise required, including without limitation the following:

- Selecting, evaluating, and approving the Corporation's senior executives and overseeing succession planning for these executives;
- Reviewing, approving and overseeing fundamental financial and business strategies and major corporate actions;
- Reviewing and approving long-term strategic and business plans, overseeing their execution and evaluating the results of such plans;
- Causing the nomination of Directors, reviewing the structure and operation of the Board, and overseeing effective corporate governance;
- Assessing major risks facing the Corporation and reviewing options for their mitigation; and
- Putting in place processes for maintaining the integrity of the Corporation, including the integrity and transparency of its financial statements, compliance with laws and ethics, the integrity of relationships with customers and suppliers, and relationships with other stakeholders.

## **V. SIZE OF BOARD, DIRECTOR QUALIFICATIONS AND SELECTION PROCESS**

The Board is responsible for determining the number of Directors on the Board based upon the needs of the Board and the availability of qualified candidates. The Board has the authority under the Articles of Incorporation and the Bylaws to set the number of members of the Board. The Board maintains flexibility to increase or decrease the number of Directors in order to accommodate the Board's changing needs and circumstances.

The Corporation's shareholders elect Directors each year at the Corporation's annual meeting of shareholders. The Board, upon the recommendation of the Governance and Nominating Committee or a majority of the Corporation's independent Directors, may select nominees and recommend them for election by the shareholders and the Board may fill any vacancies that may arise between annual shareholder meetings. As part of the selection process, Directors may consider recommendations from other sources of candidates. Candidates to the Board may have diverse backgrounds and experience, which may enhance the quality of the Board, serve the shareholders' long-term interests and contribute to the Corporation's overall corporate goals. The Board may delegate, among other things, the screening process for Board candidates to the Governance and Nominating Committee. Stockholders may also propose nominees for consideration.

In evaluating nominees, Directors may assess the independence, character, and acumen of candidates and may, if appropriate, establish areas of core competency of the Board. High personal and professional ethics, integrity and values are important attributes, as are sound business experience, and a demonstrated commitment to representing the long-term interests of shareholders. An inquisitive and objective perspective, the ability to make independent analytical inquiries, practical wisdom, and mature judgment are also valued.

A majority of Directors will be "independent directors" pursuant to Nasdaq rules. In addition to other Nasdaq criteria, the term "independent director" means a person other than an

officer or employee of the Corporation or its subsidiaries, or any other individual having a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. The Corporation recognizes that Directors who do not meet the independence standards also make valuable contributions to the Board and to the Corporation by reason of their experience, knowledge and familiarity with the Corporation.

Directors are expected to devote sufficient time to carry out their duties and responsibilities effectively. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with his/her service as a Director.

The Governance and Nominating Committee, from time to time, may review the appropriate skills and characteristics required of Board members in the context of the current composition of the Board and the needs of the Corporation.

If appropriate and as time allows, new Board members may attend a Director orientation program provided by the Corporation that may include, among other things, written materials, meetings with key management and visits to Corporation facilities. The Corporation also is committed to helping Directors, if appropriate and as time allows, obtain continuing educational programs in connection with their corporate governance responsibilities. The Chief Legal Officer and the Chief Financial Officer of Digimarc are responsible for assisting Directors in connection with the above.

The Board does not believe that arbitrary term limits on Directors' service are beneficial, nor does it believe that Directors should expect to be re-nominated as a matter of course. The Board believes that a self-evaluation process is a determinative factor in Board tenure.

The Board has adopted a "Policy on Director Nominations, Communications with Shareholders, Attendance at the Annual Meeting, and Provision of Certain Company Information", which supplements these Guidelines and is set forth in Exhibit A.

The Board has adopted a policy requiring that Directors tender a resignation in certain circumstances. Directors are expected to tender their resignations if they experience a substantial change in principal employment responsibility that was not anticipated by the Governance and Nominating Committee at the time of the Director's nomination or election to the Board. The Board does not believe that such a Director must necessarily leave the Board. Upon receipt of a resignation offered under these circumstances, the Governance and Nominating Committee will review the Director's change in employment responsibilities to evaluate whether the Director's continued service is appropriate. Factors to be considered may include, among others, the time available for the Director to serve on Board matters, potential conflicts that may arise in connection with the new employment, or other matters that may bear on continued qualification to serve. The Committee will make a recommendation regarding the appropriate course of action to the full Board. The Board will then make a determination whether to accept or decline the Director's tendered resignation.

## VI. BOARD COMMITTEES

The Board has established the following standing committees to assist the Board in discharging its responsibilities: (i) Audit Committee; (ii) Governance and Nominating Committee; and (iii) Compensation Committee. From time to time, the Board may form a new committee or disband a current committee, depending upon the circumstances.

Each committee shall have and maintain its own written charter, which shall comply with applicable SEC and Nasdaq requirements, if any, and other applicable law, rules and regulations. These charters shall set forth, among other things, the purposes and responsibilities of the committees.

The charters of the Audit, Governance and Nominating and Compensation Committees shall be published on the Digimarc website ([www.digimarc.com](http://www.digimarc.com)), and may be otherwise made available to shareholders, as the Board determines appropriate, upon the written request of a shareholder. The Chairman and the Board are responsible for the appointment of the chairman and members of each committee. The committee chairmen shall report the highlights of their meetings to the Board. The committees may also occasionally hold meetings in conjunction with the Board.

The number, content, frequency, length and agenda of committee meetings and other matters of committee governance may be determined by the applicable committee chairman, in consultation with the members of each committee and senior management, in light of the authority delegated by the Board to the committee; the committee's charter as approved by the Board; and legal, regulatory, accounting or governance principles applicable to that committee's function. Sufficient time to consider agenda items should be provided. As time permits or as appropriate, materials related to agenda items may be sent to committee members sufficiently in advance of the meeting to allow the members to prepare for discussion of the items at the meeting.

**Audit Committee.** The Audit Committee is responsible for overseeing the quality and integrity of the accounting, auditing, and financial reporting practices of the Corporation, the audits of the financial statements of the Corporation, and such other duties as are provided in its charter or directed by the Board. The Audit Committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders, on the Corporation's processes to manage business and financial risk, and on compliance with significant applicable legal, ethical, and regulatory requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the public accounting firm (including resolution of disagreements between management and the auditor regarding financial reporting) engaged to prepare or issue an audit report on the financial statements of the Corporation or perform other audit, review or attest services for the Corporation.

**Governance and Nominating Committee.** The Governance and Nominating Committee is responsible for overseeing the quality and integrity of the corporate governance practices of the Corporation, and for Board development, including optimizing the composition, competence and integrity of the Board and its committees by searching for, screening, recruiting

and recommending qualified individuals for election to the Board with expertise in areas supportive of and consistent with the strategic initiatives of the Corporation, and has such other duties and functions as directed by the Board from time to time or as are consistent with its charter, the Corporation's Bylaws, and governing law, rules and regulations. The Governance and Nominating Committee's role includes the review of, monitoring of, and general oversight regarding corporate policies and procedures involving corporate governance and compliance with significant legal, ethical, and regulatory requirements. The Governance and Nominating Committee is directly responsible for oversight of the Corporation's corporate and other compliance programs, which includes monitoring compliance with the Sarbanes-Oxley Act of 2002, overseeing the structure and evaluation of the Board and its committees, and overseeing the development, monitoring, and enforcement of the corporate governance principles applicable to the Corporation.

**Compensation Committee.** The Compensation Committee is responsible for overseeing the compensation practices of the Corporation, and such other duties and functions as directed by the Board from time to time or as are consistent with its charter, the Corporation's Bylaws, and governing law, rules and regulations. The Compensation Committee's role includes a particular focus on the compensation of executive officers of the Corporation and the administration of the equity incentive plans and significant employee benefit programs of the Corporation. The Compensation Committee is also responsible for establishing compensation for the Board members and the various committees of the Board.

## **VII. INDEPENDENCE OF COMMITTEE MEMBERS**

The Audit, Governance and Nominating and Compensation Committees shall consist solely of independent Directors as discussed in Section V above.

## **VIII. MEETINGS OF INDEPENDENT DIRECTORS**

Independent Directors are expected to meet in executive session, at any otherwise duly called and held meeting of the Board, to the extent necessary or appropriate or as otherwise required under Nasdaq rules. In no event shall the independent Directors meet in executive session fewer than two times per year. The executive sessions shall be moderated by the Lead Director, if any.

## **IX. EVALUATION**

The Board and each committee shall conduct evaluations of each of their roles and contributions to the Corporation. This assessment may include the Board's or committee's contribution as a whole, and specific areas in which further contribution to the Corporation could be made. The purpose of any such evaluation should be to increase the effectiveness of the Board and the respective committee, as applicable, not to critique individual Board or committee members.

## **X. BOARD MEETINGS AND AGENDA**

Board meetings may be scheduled in advance, typically once every quarter for a full day. Special meetings may be called as necessary. The meetings are usually held either at the Corporation's headquarters in Beaverton, Oregon, or at the offices of a member of the Board, but occasionally may be held at another Digimarc facility or elsewhere in the U.S. or abroad.

When appropriate or practical, information and data that is important to the Board's understanding of business to be discussed at a meeting may be distributed in writing to the Board before the Board meets. Materials on specific subjects may be sent to Board members in advance of the Board meeting to discuss such subjects, so that time may be conserved and discussion time is focused on questions that the Board may have. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

The Board shall be responsible for its agenda, which may be circulated prior to a meeting of the Board with sufficient time to allow for changes and additions thereto prior to such meeting. The Chairman of the Board has primary responsibility in setting the agenda and determining the issues to be brought to the attention of the Board.

The CEO may propose for the Board's consideration key topics to be scheduled and discussed during the course of the next year, and the Board may offer its suggestions. As a result of this process, a schedule of major discussion items for the following year may be established. The Chairman of the Board or committee chairman, as appropriate, may determine the nature and extent of information to be provided to the Directors before each scheduled Board or committee meeting. Directors are encouraged to make suggestions for agenda items, or additional pre-meeting materials, to the Chairman of the Board, the CEO or appropriate committee chairman at any time.

The Board may review major business operations and financial results of the Corporation from time to time, and may review long-term strategic plans and annual operating plans as and when appropriate.

## **XI. BOARD ACCESS TO SENIOR MANAGEMENT AND EMPLOYEES**

Directors shall have full and free access to senior management and any other employees of the Corporation with or without senior management present. Any meetings or contact that a Director wishes to initiate may be arranged through the CEO or Secretary or directly by the Director.

The Board encourages executive management to schedule senior managers to meet with the Board or its committees or to present material at Board meetings. The Board particularly invites participants who: (a) can provide additional insight into the topics being discussed because of their personal involvement in these areas; or (b) have future potential that management believes should be given exposure to the Board. The Board welcomes the regular

attendance at each Board meeting of non-Board member employees who are in senior management positions of the Corporation.

## **XII. ETHICS AND CONFLICTS OF INTEREST**

The Board is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities. Digimarc has adopted a Code of Business Conduct and other internal policies and guidelines designed to support the mission statement set forth above and to comply with the laws, rules and regulations that govern the Corporation's business operations. The Code of Business Conduct applies to all employees of Digimarc and its subsidiaries, as well as to Directors, temporary contractors, and other independent contractors or consultants when engaged by or otherwise representing Digimarc or its interests.

In addition, Digimarc has adopted a Code of Ethics for Financial Professionals, which applies to the principal executive officer and principal financial officer of Digimarc and its subsidiaries and all professionals worldwide serving in a finance, accounting, treasury, tax or investor relations role. Finally, Digimarc has adopted Standards of Professional Conduct for Legal Personnel, which applies to all lawyers who perform services for the Corporation.

The Governance and Nominating Committee and the Audit Committee shall monitor compliance with the Code of Business Conduct, the Code of Ethics for Financial Professionals, the Standards of Professional Conduct for Legal Personnel, and other internal policies and guidelines. This includes overseeing the Corporation's Ethics Program.

The Board expects the Corporation's Directors, as well as officers and employees, to act ethically at all times and to adhere to the policies comprising Digimarc's standards of business conduct to the extent such standards apply to them.

To the extent a Director becomes involved in activities or interests that may conflict or appear to conflict with the interests of the Corporation, the Director shall disclose such conflict to the Governance and Nominating Committee or the Board. The Governance and Nominating Committee or the Board, following such disclosure, may determine, as and if appropriate, any action that may be required by the applicable Director or the Corporation. The Corporation shall strive to have Directors recuse themselves, to the extent appropriate, from any discussion or decision affecting their personal, business or professional interests. The Board shall consider and resolve any conflict of interest question involving the CEO and executive officers of the Corporation; and the CEO shall consider and resolve any conflict of interest issue involving any other officer of the Corporation; provided, however, that in either case the Governance and Nominating Committee shall consider and resolve any related-party transactions and the Board shall consider and resolve any waivers of the Corporation's Code of Business Conduct or Code of Ethics for Financial Professionals as applied to executive officers or Directors of the Corporation.

The Corporation will not make any personal loans or extensions of credit to Directors or executive officers, or to the immediate family members thereof. No Director (other than employee Directors) may provide personal services for compensation to the Corporation.

Directors and executive officers may not trade shares of Digimarc common stock they receive under any of the Corporation's equity programs during an administrative "blackout" period affecting the Corporation's 401(k) plan or similar plan pursuant to which all or a majority of the Corporation's employees are restricted from trading shares. Directors, as well as officers and employees, will be subject to any legal and regulatory restrictions and the terms of the Corporation's insider trading policy.

### **XIII. REPORTING CONCERNS TO INDEPENDENT DIRECTORS OR THE APPLICABLE COMMITTEE**

Anyone who has a concern about Digimarc's financial conduct or about its accounting, internal accounting controls or auditing matters or about its policies and procedures involving corporate reporting and compliance may communicate that concern directly to any independent Director or the Audit Committee. Anyone who has a concern about Digimarc's legal or ethical conduct or about its general oversight regarding corporate policies and procedures involving corporate governance and compliance with significant legal, ethical, and regulatory requirements, may communicate that concern directly to any independent Director or the Governance and Nominating Committee.

Such communications may be confidential or anonymous, and may be submitted in writing or by phone. From time to time, employees will receive current contact information and instructions regarding how to communicate with members of the Audit Committee and Governance and Nominating Committee, and with the independent Directors.

The status of all outstanding concerns addressed to the independent Directors or the Audit Committee or Governance and Nominating Committee may be reported to the Board from time to time. The independent Directors or the Audit Committee or Governance and Nominating Committee may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them.

The Corporation's Code of Business Conduct prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern in good faith.

The Board also adopted a guide for employees to use when reporting pursuant to these provisions, entitled "Contact Information and Procedures for Reporting Suspected Noncompliance to Independent Directors or Committee Members", which supplements these Guidelines and is set forth in Exhibit B to these Guidelines.

### **XIV. COMPENSATION OF BOARD MEMBERS; OWNERSHIP GUIDELINES**

The Compensation Committee is responsible for reviewing and recommending to the Board appropriate levels of cash and equity compensation for service on the Board.

Directors and executive officers are expected by the shareholders to have a stock ownership interest in companies they serve, as a means of insuring that there is an alignment of

interest with the shareholders. The Board believes that it is appropriate for its members and executive officers to hold stock in the Corporation sufficient to meet that objective, but not at a level that might discourage a qualified member from joining. The Board hereby determines that stock ownership guidelines will be established for the Board and executive officers. Pursuant to those guidelines, Directors and executive officers should acquire not less than a 1,000 share ownership interest per year over the three year period commencing the later of January 1, 2009 or the date of commencement of service as a Director or an executive officer, and maintain at least that threshold ownership level during their continued period of Board and company service.

#### **XV. COMPENSATION REVIEW OF SENIOR MANAGEMENT**

The Compensation Committee shall review and determine, at least annually, the compensation for the CEO and other executive officers of the Corporation, to assure that they are compensated and motivated effectively in a manner consistent with the Corporation's business objectives, competitive practices and trends, the requirements of appropriate regulatory bodies, the compensation strategy of the Corporation, and fiduciary and corporate responsibilities, including internal equity considerations.

#### **XVI. ACCESS TO INDEPENDENT ADVISORS**

The Board (as an entity) and each of its committees shall have the right at any time to retain independent financial, legal or other advisors, with funding provided by the Corporation.

#### **XVII. INDEMNIFICATION**

The Corporation provides reasonable directors' and officers' liability insurance for the Directors and officers of the Corporation. The Corporation's Articles of Incorporation provide that, to the fullest extent not prohibited by the Oregon Business Corporation Act, none of the Corporation's Directors shall be personally liable to the Corporation or its shareholders for monetary damages for conduct as a Director. The Corporation's Articles of Incorporation and Bylaws also provide for mandatory indemnification of the Corporation's Directors and officers to the fullest extent permissible under the Oregon Business Corporation Act.

#### **XVIII. MISCELLANEOUS**

These Guidelines are in addition to and are not intended to change or interpret any federal or state law, including the Oregon Business Corporation Act, or any of the Articles of Incorporation or the Bylaws of the Corporation or charters of any committee of the Board.

**EXHIBIT A****POLICY ON DIRECTOR NOMINATIONS, COMMUNICATIONS WITH SHAREHOLDERS, ATTENDANCE AT THE ANNUAL MEETING, AND PROVISION OF CERTAIN COMPANY INFORMATION**

The following policy is adopted by the Board of Directors (the "Board") of Digimarc Corporation (the "Company") to establish certain procedures and to address certain other matters in connection with SEC rules relating to the director nomination process and other matters.

**I. Information Regarding the Company's Director Nomination Process****A. Governance and Nominating Committee Charter**

The Company shall make available a current copy of the Governance and Nominating Committee Charter to any shareholder: (1) upon the written request of such shareholder to the Secretary of the Company, at the address of the Company's principal executive offices; and (2) by making such charter available on the Company's website at [www.digimarc.com](http://www.digimarc.com).

**B. Consideration of Director Candidates Recommended by Stockholders**

The Governance and Nominating Committee welcomes and encourages recommendations of director candidates from Digimarc's shareholders. The Governance and Nominating Committee will consider any director candidates recommended by shareholders of the Company, provided the information regarding director candidates who are recommended by shareholders is submitted to the Governance and Nominating Committee in compliance with this policy.

**C. Procedures for Submission of Director Candidates Recommended by Stockholders to the Governance and Nominating Committee**

Director candidate recommendations from shareholders must be provided in writing and must include (a)(1) the candidate's name, age, business address and residence address, (2) the candidate's biographical information, including educational information, principal occupation or employment, past work experience (including all positions held during the past five years), personal references, and service on boards of directors or other material positions that the candidate currently holds or has held during the prior five years, (3) the class and number of shares of the Company which are beneficially owned by the candidate, (4) any potential conflicts of interest that might prevent or otherwise limit the candidate from serving as an effective member, and (5) any other information pertinent to the qualification of the candidate, and (b)(1) the name and record address of the shareholder making the recommendation, and (2) the class and number of shares of the Company which are beneficially owned by such shareholder and the period of time such shares have been held, including whether such shares have been held for in excess of one year prior to the date of the recommendation. These director candidate recommendation materials are to be sent to the Secretary of the Company, at the address of the Company's principal executive offices, and may be submitted at any time.

#### **D. Qualifications of Board Candidates**

The Governance and Nominating Committee shall consider a potential candidate's experience, areas of expertise, and other factors relative to the overall composition of the Board. In evaluating nominees, the Committee will consider a candidate's independence, character, and acumen and may, if appropriate, establish areas of core competency of the Board. High personal and professional ethics, integrity and values are important attributes, as are good judgment, sound business experience, and a demonstrated commitment to representing the long-term interests of shareholders. An inquisitive and objective perspective, the ability to make independent analytical inquiries, practical wisdom, and mature judgment are also valued. The Committee will also review from time to time the skills and characteristics necessary and appropriate for directors in the context of the Board's current composition, including such factors as business experience, domestic or international background and experience, diversity and diverse perspective, knowledge or experience in areas such as technology, systems integration, operations, finance or marketing, and other skills that would enhance the Board's effectiveness.

A majority of Board of Directors will be "independent directors" pursuant to Nasdaq rules, and as such, the overall composition of the Board is also a consideration. In addition to the Nasdaq criteria, the term "independent director" means a person other than an officer or employee of the Corporation or its subsidiaries, or any other individual having a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. The Corporation also recognizes, however, that Directors who do not meet the independence standards also make valuable contributions to the Board and to the Corporation by reason of their experience, knowledge and familiarity with the Corporation.

Directors are expected to devote sufficient time to carry out their duties and responsibilities effectively. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with his/her service as a Director. Each Board member is expected to attend at least 75% of all Board and committee meetings. If attendance in person is not feasible, participation telephonically is permitted in conformity with applicable law.

There is no specific number of qualifications, qualities or skills that are necessary for a director candidate to possess, other than those that are necessary to meet specific SEC or Nasdaq requirements.

#### **E. Process for Identification and Evaluation of Director Candidates**

The Governance and Nominating Committee's process for identifying and evaluating nominees for director, including nominees recommended by shareholders, involves (with or without the assistance of a retained search firm) compiling names of potentially eligible candidates, vetting those candidates against the factors described above, conducting background and reference checks, conducting interviews with candidates and/or others (as schedules permit), meeting to consider and approve final candidates and, as appropriate, preparing and presenting to the Board an analysis with regard to particular, recommended candidates. The Governance and

Nominating Committee also will identify director nominees who have the highest personal and professional integrity, have demonstrated exceptional ability and judgment, and, together with other director nominees and members, shall effectively serve the shareholder's long-term interests and contribute to the Company's overall corporate goals. There are no differences in the manner in which the Governance and Nominating Committee evaluates nominees for director based on whether the nominee is recommended by a shareholder.

The Governance and Nominating Committee will respond promptly, and in any event, within 60 days of the submission of the shareholder recommendation of the director candidate to the Committee. Interim inquiries with respect to status and timing can be submitted to the Secretary of the Company by phone or electronically.

## **II. Process for Stockholders to Send Information to the Board**

The Board solicits and encourages all forms of information to be provided to the Board and/or its members. All such communications shall be in written form, addressed to the Board or to one or more individual members of the Board, and sent care of the Secretary of the Company, at the address of the Company's principal executive offices or via fax to (503) 469-4771. The Secretary of the Company shall promptly provide all such communication to the applicable member(s) of the Board or the entire Board.

## **III. Policy Regarding Board Member Attendance at Annual Meetings**

The Board's policy with regard to Board members' attendance at annual meetings is to encourage attendance at such annual meetings. Candidates for election to the Board should exercise their best efforts to attend the annual meeting.

## EXHIBIT B

### CONTACT INFORMATION AND PROCEDURES FOR REPORTING SUSPECTED NONCOMPLIANCE TO INDEPENDENT DIRECTORS OR COMMITTEE MEMBERS

#### I. Reporting Suspected Non-Compliance

As part of its commitment to ethical and legal conduct, employees may report suspected violations of any applicable law by any employee or agent. Employees are encouraged to first report the suspected problem to their supervisor, the EthicsPoint toll free hotline at +1 888 279 7317, the Chief Executive Officer, or the Chief Legal Officer. However, if one of these individuals is involved in the suspected violation, if the employee does not believe that the matter will be appropriately addressed through that process, or if the employee for any reason feels uncomfortable reporting suspected violations to any of these individuals, an employee can report the suspected violation to the Chairman of the Audit Committee (with respect to all matters of financial impropriety) or the Chairman of the Governance and Nominating Committee (with respect to other ethical or legal matters) or to any independent Director. An employee may also make any report confidentially or anonymously.

#### II. Complaint Procedure

##### A. Notification of Suspected Non-Compliance

Information about known or suspected violations by any employee must be reported promptly. Whenever practical, an employee should either make the initial report, or follow up on an oral report, in writing.

Information reported should include the identification of the individual believed to have committed the suspected violation, a brief description of the suspected violation, the activities or circumstances upon which the belief is made, and any evidence or communications about the suspected violation that is known to the reporting individual.

##### B. Contact Information

The Audit Committee is currently comprised of Bernard Whitney (Chairman), Jim Richardson and Bill Miller.

The Governance and Nominating Committee is currently comprised of Peter Smith (Chairman), Jim Richardson and Bernard Whitney.

The independent Directors of the Corporation are Jim Richardson, Peter Smith, Bernard Whitney and Bill Miller.

Each of these individuals has an email address for Digimarc business located on Digimarc's email listing. Business phone numbers will be posted on the confidential company phone directory.

In addition, employees may report suspected violations confidentially or anonymously: (1) by calling the Corporation's EthicsPoint toll free hotline at +1 888 279 7317 or (2) by utilizing the web access option to report such suspected violations to the outside reporting service through the link provided on Digimarc's internal website.

Finally, employees with information relating to questionable accounting or auditing matters may also submit the information to the Audit Committee, or employees with information relating to other ethical or legal matters may also submit the information to the Governance and Nominating Committee, confidentially and anonymously in a letter addressed to the applicable committee (c/o Digimarc Corporation).

### **C. Investigation**

Reports of suspected violations will be referred to the appropriate division of the Corporation or to an outside entity for an investigation. Based on the nature of the suspected violation and the issue raised, such an investigation could be conducted by the Legal Department, by another division of the Corporation (such as Human Resources), or by outside entities (such as legal counsel or professional consultants).

The Audit Committee, Governance and Nominating Committee and Qualified Legal Compliance Committee of the Board of Directors are all authorized to conduct investigations. They may do so directly, through outside entities, or may direct management to investigate a complaint and report back to the Committee or the Board.

Employees are expected to cooperate in the investigation of reported violations. This may include answering questions, providing any evidence that may be in the employee's possession, or other assistance that may be requested.