

Anti-Corruption and Anti-Money Laundering Policy

INTRODUCTION

Digimarc is committed to ensuring adherence to the highest legal and ethical standards in all our business operations. We are a critical government contractor for some of the largest nations in the world. Our reputation for acting ethically and responsibly plays a critical role in our success as a business. Accordingly, Digimarc has a responsibility to take an active stand against misconduct such as bribery, corruption, and money laundering.

The directors and management of Digimarc are committed to compliance with applicable anti-corruption laws, rules, and regulations, including the United States Foreign Corrupt Practices Act of 1977 (the “FCPA”), the United Kingdom Anti-Bribery Act, and any similar national or local laws or regulations in any country in which we do business (together with the FCPA, “Anti-Corruption Laws”), and anti-money laundering (“AML”) and combating the financing of terrorism (“CFT”) laws and regulations applicable to Digimarc’s business anywhere in the world (the AML and CFT, collectively, “AML/CFT Laws”).

SCOPE

This Anti-Corruption & Anti-Money Laundering Policy (the “Policy”) applies to all employees, officers, and directors of Digimarc and its affiliates (collectively, “Digimarc”).

PURPOSE

The purpose of this Policy is to provide guidelines and procedures that govern how Digimarc and Digimarc personnel conduct themselves, to encourage ethical behavior in our business conduct, and to promote compliance with Anti-Corruption Laws and AML/CFT Laws. While the substance of these laws is similar across jurisdictions, Digimarc has designed this Policy to conform with the highest international standards of AML and anti-corruption compliance. If you have any questions regarding the applicability of any Anti-Corruption Laws or AML/CFT Laws to Digimarc business, you should consult with the Legal Department.

POLICY STATEMENT

Anti-Bribery and Anti-Corruption

Most countries in which Digimarc operates have anti-corruption laws that prohibit offering any kind of benefit to a Public Official (as defined below) if your intent is to improperly influence that official’s behavior. Some of these laws, like the FCPA, even prohibit bribery of Public Officials anywhere in the world. Further, other anti-corruption laws make it a crime to bribe private commercial parties. As a result, all Digimarc personnel are prohibited from offering, promising, or giving any money, gift, or anything else of value to any person with the intent to influence that person’s behavior to obtain or retain business or gain any other improper advantage. You are also prohibited from soliciting or receiving bribes. We expect all Digimarc personnel to comply with Anti-Corruption Laws whenever conducting business on behalf of Digimarc.

Money Laundering

Digimarc prohibits all Digimarc personnel from engaging in money laundering and terrorist financing in relation to Digimarc's business. This means Digimarc personnel must not conceal or disguise the existence, illegal origins, or illegal application of criminally derived income and must not receive the proceeds of criminal activities by others. Digimarc personnel must comply with all AML/CFT Laws.

ANTI-BRIBERY AND ANTI-CORRUPTION KEY CONCEPTS

What is Corruption and Bribery?

Corruption is the misuse of governmental or corporate power for illegitimate private gain. Bribery is the offer, promise, or provision of a reward, advantage, or benefit of any kind to a person in a position of power to influence that person's views or conduct or to obtain or retain an improper advantage. Bribery and corruption can take many forms, including the provision or acceptance of:

- Cash payments;
- Jobs or "consulting" relationships for an individual or the individual's family;
- Commissions or kickbacks;
- Excessive gifts, entertainment, or hospitality;
- Political or charitable contributions;
- Payment of non-business related or lavish travel expenses; or
- Provision of personal favors to an individual or their family.

Corruption and bribery are never acceptable business practices. **If you have questions or concerns regarding the propriety of any benefit - including payments, gifts, travel, or entertainment - to be provided to any person, you should consult with the Legal Department before accepting it.**

Who is a Public Official?

While laws applicable to Digimarc's business prohibit giving improper benefits to any person, under many countries' laws, including the United States, bribing a Public Official carries much stricter penalties. For purposes of this Policy, "Public Official" means:

- any employee or officer of a government including any federal, regional, or local department, agency, instrumentality, or enterprise owned or controlled by the government and including, for example, a legislator, municipal council member, customs or other governmental agency inspector, tax official, or employee of a government-owned utility company;
- any official of a foreign political party;
- any official or employee of a public international organization, such as the World Bank, United Nations, or World Health Organization;
- any person acting in an official capacity for or on behalf of any such entity;
- any candidate for foreign political office; or
- any other person who is defined as a public official under local law.

Digimarc may interact with Public Officials in the context of tenders and the execution of contracts to provide services to governmental agencies as well as government approvals, licensing, permitting, tax collection, and customs inspections in jurisdictions where Digimarc may operate or provide services. **All these interactions expose Digimarc and Digimarc personnel to potential prosecution in relation to any inappropriate benefits afforded to Public Officials involved.**

Please also note that the laws prohibiting corrupt payments to Public Officials may also prohibit offering benefits to Public Officials' close relatives - such as spouses and children or other immediate family members - or business associates (referred to as "indirect benefits"). Payments or other benefits provided to these close relatives or business associates of Public Officials may be treated by enforcement authorities as benefits to the official and, accordingly, may constitute violations of Anti-Corruption Laws. As a result, any business dealings with close relatives or close associates of Public Officials require careful scrutiny. **You must consult with the Legal Department before entering into any transactions with close relatives or close associates of Public Officials.**

Receiving Bribes

Digimarc personnel are prohibited from receiving, directly or indirectly, anything of a significant value (other than salary, commissions, bonuses, or other ordinary compensation from Digimarc) in connection with any transaction entered by Digimarc. **Receipt of items or property of significant value must be reported to the Chief Legal Officer, who will make a determination under Digimarc policies when such items may be retained and when they must be relinquished to Digimarc.**

Facilitation Payments

Digimarc personnel must not make facilitation or expediting payments of any kind. A "facilitation payment" is a payment that is made to expedite or secure the performance by a Public Official of any act of a routine nature that is part of the official's duties or functions, including, for example, the issuance of a ministerial, non-discretionary permit, license, or other document to qualify a person to do business or the processing of official documents, such as visas and work permits. An "act of a routine nature" does not include a discretionary decision to award a license, approval, or contract or to waive fees, fines, or penalties.

Although "facilitation payments" may not be illegal under all Anti-Corruption Laws (including under the FCPA), facilitation or expediting payments are prohibited in many jurisdictions. Moreover, it can be extraordinarily difficult to determine whether a particular payment would be regarded by regulators as meeting the requirement for exceptions to applicable Anti-Corruption Laws. **As such, it is Digimarc's policy to prohibit facilitation or expediting payments.** You should contact the Legal Department for further guidance or with any question regarding such payments. **Digimarc personnel are required to report all requests for facilitation or expediting payments to the Legal Department.**

Penalties

Bribery is a criminal offense in every jurisdiction in which Digimarc operates. Failure to comply with Anti-Corruption Laws may result in severe penalties being imposed on Digimarc, including significant fines, forfeiture of property, legal action by competitors, and reputational damage that could impact Digimarc's ability to enter and maintain important government customer relationships. Individuals who violate applicable Anti-Corruption Laws may be subject to fines and imprisonment as well as discipline under this Policy, up to and including termination of employment or termination of the individual's business relationship with Digimarc, as applicable.

When in Doubt, Consult the Legal Department

If you receive a request for a payment, gift, or other benefit, or to otherwise engage in any conduct that you suspect may be improper, you must consult with the Legal Department immediately regarding next steps, even if you have declined such request. Do not make any payment, provide any benefit, or engage in any conduct you suspect may be improper until you receive guidance from the Legal Department confirming that such conduct is appropriate and consistent with this Policy.

GIFTS AND ENTERTAINMENT

The provision of entertainment or gifts for the purpose of obtaining an improper benefit for Digimarc may be considered a bribe and may result in violation of Anti-Corruption Laws. **Given the risks associated with gifts and entertainment, Digimarc requires Digimarc personnel to receive written pre-approval from the Legal Department prior to offering or providing, directly or indirectly, any gift, gratuity, entertainment, meal, or other advantage or benefit of any kind to a Public Official or the close relative or associate of a Public Official of a value greater than: (1) 100 USD (or the equivalent value in local currency) in the United States, Western Europe, and Japan; and (2) 50 USD (or the equivalent value in local currency) anywhere else in the world.** Prior to incurring any such expense involving a Public Official, Digimarc personnel must submit an email to the Chief Legal Officer and await written approval.

Moreover, prior to providing any gift, gratuity, entertainment, meal, or other advantage or benefit of any kind or value to a Public Official or the close relative or associate of a Public Official, **Digimarc personnel incurring such expense are required to seek confirmation from the relevant Public Official that they are permitted to receive such benefit under applicable laws, rules, and regulations.**

Gifts, travel, and entertainment provided to individuals acting on behalf of private/commercial entities must be reasonable and non-lavish, and Digimarc personnel must submit appropriate documentation supporting all expenses to be reimbursed. Above all, Digimarc personnel should not provide any gift, travel, or entertainment to any third party - private or public - where such benefit could be perceived as improper or provided in exchange for an improper benefit to Digimarc. This Policy applies to all expenses relating to Digimarc business whether or not reimbursement for such expenses is sought.

BUSINESS RELATIONSHIPS WITH THIRD PARTIES

While any third-party relationship (including vendors, partners, etc.) may present anti-corruption risk for Digimarc, third parties who interact with Public Officials - particularly those acting in the capacity of “sales agent” - pose high corruption risks because Digimarc may be held responsible for their actions, including any violations of Anti-Corruption Laws. Notably, Digimarc may face potential criminal and civil liability if a third party pays a bribe to a Public Official while acting on Digimarc’s behalf, even if no officer, director, or employee of Digimarc has knowledge of the payment.

As such, it is critical that Digimarc only do business with ethical and reputable third parties. In this regard, Digimarc vets and monitors its third-party relationships on a risk basis. **Any third party who will interact with Public Officials in relation to their engagement with Digimarc must be vetted and approved in writing by the Chief Legal Officer prior to conducting any activities on behalf of or in relation to Digimarc.**

If you are responsible for managing Digimarc's relationship with any third party, you must monitor the third party's performance and activity throughout the relationship and escalate to the Legal Department any concerns regarding compliance with Anti-Corruption Laws.

Payments to third parties must never be made in cash, and if made by wire transfer, must be made to a bank account in the name of the entity or individual contracting with Digimarc and in the country where the services are performed or where the entity's or individual's offices are located, unless there are acceptable and documented reasons (subject to the approval of the Chief Legal Officer) for making the payment elsewhere. Any check must be made in the name of the entity or individual contracting with Digimarc and not to any other party.

If, for any reason, Digimarc personnel have reason to suspect that a third party is engaging in conduct that is potentially contrary to this Policy, no further payments must be made until the "red flag" is reported to the Legal Department, an appropriate review is conducted, and written approval to move forward is provided by the Legal Department.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Laws regarding political contributions are complicated and varied and potentially risky under anti-bribery laws and other laws relating to campaign finance. For example, in some countries, foreign companies and foreign nationals may make political contributions. However, numerous countries prohibit political contributions by foreign persons, companies, or their subsidiaries. Thus, the question of whether Digimarc or Digimarc personnel acting on Digimarc's behalf may make a political contribution will depend on the specific facts of the situation and the laws of the relevant country. Similarly, charitable contributions can pose risks under Anti-Corruption Laws if, for example, the charity is linked to a Public Official, such that the donation may directly or indirectly benefit the official or otherwise impact the official's decision making regarding a governmental agency's relationship with Digimarc.

Given the risks associated with such contributions, no political or charitable contribution may be made without prior written approval from the Chief Legal Officer. Digimarc personnel must submit an email to the Chief Legal Officer describing the nature and value of the proposed contribution and any association it may have with Digimarc business interests. No contribution of any kind may be made without written approval in response to such request.

To the extent that any component of a public bid or licensing application involves charitable endeavors, sponsorships, or contributions, either explicitly or otherwise, Digimarc personnel responsible for such bids or applications must consult with the Legal Department before moving forward.

Digimarc personnel are permitted to make political and charitable contributions of their own volition for personal reasons not intended to benefit Digimarc in any way, but may not, under any circumstances, indicate that the contribution is being made in the name of or on behalf of Digimarc or any of its affiliates or business partners. Under no circumstances will Digimarc reimburse any personal political contribution.

HIRING

The hiring of Public Officials or their family members or close associates raises corruption risks for Digimarc. Consequently, Digimarc's hiring process for both permanent and temporary personnel includes determining whether the candidate is associated with a Public Official. **If a candidate is so associated, the Chief Legal Officer must provide written approval before the candidate may be hired.**

MERGERS AND ACQUISITIONS, PARTNERSHIPS, AND JOINT VENTURES

Corruption concerns can arise in a number of other potential areas including, but not limited to, (i) joint ventures or teaming arrangements, and (ii) mergers and acquisitions. **Digimarc personnel must confer with the Legal Department before engaging in these types of activities to ensure that appropriate anti-corruption due diligence, transactional safeguards, and other measures are taken.**

MONEY LAUNDERING

Money laundering is the act of concealing or disguising the existence, illegal origins, or illegal application of criminally derived income so that such income appears to have legitimate origins or constitute legitimate assets. Laws criminalizing money laundering also make it a crime to receive the proceeds of criminal activities by others.

Digimarc prohibits all Digimarc personnel from engaging in money laundering and terrorist financing in relation to Digimarc's business. All Digimarc personnel must comply with all AML/CFT Laws when performing services for Digimarc.

AML/CFT concerns can arise in a variety of ways with respect to our business. If a Digimarc employee or third party pays a bribe to a Public Official and then helps that official hide the bribe, that act of concealment can result in AML concerns. In addition, AML concerns can arise if a customer or partner of Digimarc pays Digimarc with criminal proceeds.

Effective third-party vetting measures are essential to the management of AML/CFT risk, especially with respect to Digimarc's relationships with counterparties in regions with a perceived high risk of AML/CFT concerns. **In addition, payments must never be accepted in cash, and if made by wire transfer, must be remitted from a bank account in the name of the entity or individual contracting with Digimarc and in the country where the services are performed or where the entity's or individual's offices are located, unless there are acceptable and documented reasons (subject to the approval of the Chief Legal Officer) for waiving this requirement. Any check received must be remitted from an account in the name of the entity or individual contracting with Digimarc and not from any other party.**

Digimarc personnel must always be alert to "red flags" and never "put their heads in the sand" when engaging with third parties, including customers. Digimarc personnel have a duty to inquire further where circumstances suggest that a third party has violated or may violate Anti-Corruption Laws or AML/CFT Laws. Examples of classic "red flags" are included at **Appendix A**. The list of "red flags" included at **Appendix A** is not exhaustive, and Digimarc personnel must be on alert for any other circumstances that raise questions or concerns about the propriety of payments made to or by third parties.

ACCOUNTING REQUIREMENTS

Digimarc is a public company and, as such, is required to maintain a system of internal accounting controls to provide reasonable assurances that all Digimarc transactions are properly authorized by management, executed, and recorded. Digimarc personnel must comply with Digimarc's internal controls and avoid unauthorized activities or expenses. Digimarc personnel are prohibited from concealing bribes, fraud, or criminal activities, or falsifying any other transactions or expenses in invoices, purchase orders, or other documents related to Digimarc's business. Digimarc expects you to maintain (1) accurate and honest corporate, business, and accounting records, and (2) adequate accounting controls that prevent unauthorized activities or expenses. Digimarc prohibits you from using off-the-books accounts or other slush funds in relation to Digimarc's business.

COMPLIANCE CERTIFICATIONS AND TRAINING

Digimarc personnel who interact with Public Officials as well as those serving in gatekeeping roles (e.g., Finance Department and Legal Department personnel) will be required to attend anti-corruption training and to execute an annual compliance certificate certifying that they understand and have complied with this Policy. See [Appendix B](#). The Chief Legal Officer will determine which Digimarc personnel are subject to this requirement.

RESPONSIBILITY FOR THIS POLICY

Digimarc's Board of Directors has appointed the Chief Legal Officer to oversee the administration of this Policy and to report directly to the Board of Directors regarding the development and implementation of this Policy. The Chief Legal Officer must report credible concerns regarding violations of laws, regulations, or rules or significant violations of this Policy to the Board of Directors. Furthermore, any substantive revisions to this Policy require the approval of the Board of Directors. The Chief Legal Officer will be supported in the administration of this Policy by the Legal Department and the Human Resources Department.

REVIEW AND UPDATES

The Chief Legal Officer is responsible for taking appropriate steps to ensure that this Policy and associated procedures are followed and to evaluate the Policy's effectiveness in the context of Digimarc's business operations. In this regard, the Chief Legal Officer will conduct periodic reviews to assess compliance with this Policy and will review the substance of the Policy annually to ensure that the Policy is up to date with regard to all applicable laws, regulations, and internal procedures, and that it adequately identifies and mitigates potential corruption risks associated with any changes to Digimarc's operations.

QUESTIONS AND REPORTS

Digimarc expects all Digimarc personnel to take steps to prevent any violation of this Policy. This includes identifying and raising potential issues before they lead to problems and seeking additional guidance when necessary.

Digimarc encourages all Digimarc personnel to discuss their concerns or questions regarding potential instances of misconduct with the Legal Department. In addition, to further encourage reporting, Digimarc maintains a hotline that may be used by any Digimarc personnel to report potential misconduct anonymously. Digimarc personnel can access the hotline online at www.ethicspoint.com or by phone by calling:

- ◆ USA: 1-888-279-7317
- ◆ UK: 0-800-89-0011 (At the English prompt, dial 888-279-7317)
- ◆ Germany: 0-800-225-5288 (At the English prompt, dial 888-279-7317)

This reporting hotline is managed by an independent third-party provider of corporate compliance services, Ethics Point. Information regarding Digimarc's reporting hotline is available in the Code of Business Conduct, Staff Handbook, and on the employee intranet.

Retaliation against anyone who has made a good-faith report of a possible violation of law or any Digimarc Policy is strictly prohibited and will result in disciplinary action.

WAIVERS AND VIOLATIONS

Any waiver of any of the provisions of this Policy requires prior written approval from the Chief Legal Officer.

If, in its sole discretion, Digimarc determines that a violation of this Policy has occurred, appropriate corrective disciplinary action will be taken promptly. In the case of Digimarc personnel, this includes discipline up to and including termination without notice and for cause.

APPENDIX A

Third Party Red Flags

Examples of classic “red flags” include, but are not limited to:

- ◆ Third Party has a history or reputation for corruption, money laundering, financial improprieties, or other legal or ethical violations, or for bypassing normal business channels.
- ◆ Third Party is owned, controlled, or affiliated with a Public Official who is responsible for, or could influence the award of, business or regulatory approvals to Digimarc.
- ◆ Proposed payments to the Third Party are excessive or disproportionate to the services to be provided.
- ◆ Third Party requests an excessive operating budget or approval of excessive expenditures, commissions, or fees (the excess amount may be used to finance a bribe).
- ◆ Third Party demands payments (i) without any written invoice, activity report, or supporting documentation; (ii) in cash; (iii) be made to or by another party; or (iv) be made from or directed to an account in a country different from the one where Third Party is located or is doing business.
- ◆ Third Party has a practice of providing excessive gifts and hospitalities to other third parties or to Public Officials.
- ◆ The country or industry of the Third Party has a strong reputation for corruption.
- ◆ Third Party lacks the qualifications or resources to perform the services offered.
- ◆ Third Party has been recommended by a Public Official.
- ◆ Third Party or Public Official makes statements or inferences that a particular payment is needed to “get the business.”
- ◆ Public Official has requested a “gift” or something of value.
- ◆ Third Party is related to a Public Official.
- ◆ Third Party requests that Digimarc prepare false invoices or other documentation.
- ◆ Third Party refuses to certify in writing that it will comply with applicable laws.
- ◆ Third Party or Public Official recommends that Digimarc enter into a relationship with a specific person or company, and such person is a close relative or associate of a Public Official, or such company is owned in part by a Public Official or a close relative or associate of a Public Official.
- ◆ Third Party is reluctant to identify the principals or other persons holding an ownership interest in Third Party.
- ◆ Third Party insists upon sole control over a government approval process.
- ◆ Third Party refuses to disclose its employees, subagents, subcontractors, or any other representatives that interact with Public Officials.
- ◆ Third Party engages in unusually or excessively generous or unjustified subcontracts.
- ◆ Third Party demands unusually or unnecessarily complex payment arrangements that demonstrate a lack of transparency (e.g., requests that commissions be paid to a bank in a foreign country unrelated to the transactions or to undisclosed third parties).
- ◆ Third Party expresses a desire to keep the relationship a secret.

APPENDIX B

ANNUAL EMPLOYEE CERTIFICATION

ANTI-CORRUPTION & ANTI-MONEY LAUNDERING POLICY ACKNOWLEDGMENT & CERTIFICATION

I acknowledge that I have received, reviewed, fully understand, and will comply with Digimarc’s Anti-Corruption & Anti-Money Laundering Policy (the “Policy”).

Further, I acknowledge and affirm that, in carrying out my responsibilities for Digimarc or any Digimarc affiliate, I have not and will not, directly or indirectly, provide anything of value to any Public Official (as defined in the Policy) or any other person or entity for purposes of corruptly obtaining or retaining business or securing any improper advantage for Digimarc, any Digimarc affiliate, or any other party.

If I have any questions or concerns about the Policy or if I become aware of or suspect a violation of the Policy or Anti-Corruption or Anti-Money Laundering Laws more generally, I will contact the Chief Legal Officer.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

