

**HIMAX TECHNOLOGIES, INC.**

an exempted company incorporated in the Cayman Islands with limited liability  
 (“Company”)

**Compensation Committee Charter**

Adopted December 27, 2005

**Purpose**

The Compensation Committee is created by the Board of Directors of the Company to:

- oversee the Company’s compensation and benefits policies generally;
- evaluate performance of executive officers; and
- oversee and set compensation for the Company’s directors and executive officers.

**Membership**

The Compensation Committee shall consist of at least three members, comprised of at least two independent directors meeting the independence requirements of Nasdaq. A member of the Compensation Committee shall not be an employee of the Company or its subsidiaries. The Nominating and Corporate Governance Committee shall recommend nominees for appointment to the Compensation Committee annually and as vacancies or newly created positions occur. Compensation Committee members shall be appointed by the Board and may be removed by the Board at any time. The Nominating and Corporate Governance Committee shall recommend to the Board, and the Board shall designate, the Chairman of the Compensation Committee.

**Responsibilities**

In addition to any other responsibilities which may be assigned from time to time by the Board, the Compensation Committee is responsible for the following matters.

*Compensation Policies*

- The Compensation Committee shall review and approve the Company’s compensation and benefits policies generally (subject, if applicable, to shareholder ratification), including reviewing and approving any incentive-compensation and equity-based plans of the Company that are subject to Board approval. In reviewing such compensation and benefits policies, the Compensation Committee may consider the recruitment, development, promotion, retention and compensation of directors, executive officers and other employees of the Company and any other factors that it deems appropriate. The Compensation Committee shall report the results of such review and any action it takes with respect to the Company’s compensation and benefits policies to the Board.

### *Director Compensation*

- The Committee shall review and approve compensation (including stock option grants and other equity-based compensation) for the Company's directors. In so reviewing and approving director compensation, the Committee shall:
  - identify corporate goals and objectives relevant to director compensation;
  - evaluate the performance of the Board in light of such goals and objectives and set director compensation based on such evaluation and such other factors as the Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation);
  - determine any long-term incentive component of director compensation based on the awards given to directors in past years, the Company's performance, shareholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation); and
  - evaluate the possibility that directors' independence may be compromised or impaired for Board or committee purposes if director compensation exceeds customary levels, if the Company makes substantial charitable contributions to an organization with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director (which consulting contracts or other indirect forms of compensation are expressly prohibited for Audit Committee members).

### *Executive Compensation*

- The Compensation Committee shall review and approve for each of the Company's executive officers his or her (i) annual base salary level, (ii) annual incentive compensation, (iii) long-term incentive compensation, (iv) employment, severance and change-in-control agreements, if any, and (v) any other compensation, ongoing perquisites or special benefit items. In so reviewing and approving executive officer compensation, the Compensation Committee shall, among other things:
  - identify corporate goals and objectives relevant to executive officer compensation;
  - evaluate each executive officer's performance in light of such goals and objectives and set each executive officer's compensation based on such evaluation and such other factors as the Compensation Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation); and

- determine any long-term incentive component of each executive officer's compensation based on awards given to such executive officer in past years, the Company's performance, shareholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Compensation Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation).
- The Compensation Committee may delegate to one or more officers of the Company the authority to make grants and awards of stock rights or options to any non-executive officer of the Company under such of the Company's incentive-compensation or other equity-based plans as the Compensation Committee deems appropriate and in accordance with the terms of such plans.

#### *Reporting to the Board*

- The Compensation Committee shall report to the Board periodically. This report shall include a review of any recommendations or issues that arise with respect to Company compensation and benefits policies, executive officer compensation, management succession planning and any other matters that the Compensation Committee deems appropriate or is requested to be included by the Board.
- At least annually, the Compensation Committee shall evaluate its own performance and report to the Board on such evaluation.
- The Compensation Committee shall periodically review and assess the adequacy of this charter and recommend any proposed changes to the Nominating and Corporate Governance Committee.

#### **Authority**

The Compensation Committee has the sole authority to retain and terminate any compensation consultant assisting the Compensation Committee in the evaluation of CEO, executive officer or director compensation, including sole authority to approve all such compensation consultant's fees and other retention terms. The Compensation Committee may delegate its authority to subcommittees or the Chairman of the Compensation Committee when it deems appropriate and in the best interests of the Company.

#### **Procedures**

The Compensation Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter. The Chairman of the Compensation Committee, in consultation with the other committee members, shall determine the frequency and length of the Committee meetings and shall set meeting agendas consistent with this charter. No executive officer should attend that portion of any meeting where such executive's performance or compensation is discussed unless specifically invited by

the Compensation Committee. Meetings to determine the compensation of the CEO must be held in executive session. Meetings to determine the compensation of executive officers other than the CEO may be attended by the CEO, but the CEO may not vote on these matters.