

## **CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

### **I. STATEMENT OF POLICY**

This Charter specifies the scope of the responsibilities of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of AXT, Inc. (the "Company") and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements. This Charter shall be posted on the Company's website or included as an appendix to the proxy statement for the Company's annual meeting of stockholders at least once every three years.

The primary purpose of the Committee is to discharge the Board's responsibilities relating to compensation and benefits of the Company's executive officers and directors. In carrying out these responsibilities, the Committee shall review all components of executive officer and director compensation for consistency with the Committee's compensation philosophy as in effect from time to time.

The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.

### **II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS**

The Committee shall be comprised of at least three directors, each of whom (i) shall satisfy the independence requirements of Nasdaq and (ii) shall not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof, except in compliance with the applicable requirements of Nasdaq. A director shall not serve as a member of the Committee if the Chief Executive Officer or another executive officer of the Company serves on the compensation committee of another company that employs that director as an executive officer.

The members shall be appointed by the Board, on the recommendation of the Nominating and Corporate Governance Committee, and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. In determining whether a director is eligible to serve on the Committee, the Board must consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director's judgment as a member of the Committee. Any member of the Committee may be replaced by the Board on the recommendation of the Nominating and Corporate Governance Committee. The Committee may from time to time delegate duties or responsibilities to subcommittees or to one member of the Committee. Unless a chairman is elected by the Board, the members of the Committee may designate a chairman by the majority vote of the full Committee membership.

A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the members present shall represent the valid action of the Committee. Any actions taken by the Committee during any period in which one or more members fail for any reason to meet the membership requirements set forth above shall be nonetheless duly authorized actions of the Committee for all corporate purposes.

### **III. MEETINGS**

The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of a compensation consultant, legal counsel, accountant or other adviser as appropriate, to perform its

duties hereunder and to determine the terms, costs and fees for such engagements. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee. The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following factors:

1. The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
2. The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
3. The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
4. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
5. Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
6. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

Nothing in this Charter shall be construed to (i) require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel, accountant or other adviser to the Committee, or (ii) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of the duties of the Committee. The Committee may retain, or receive advice from, any compensation advisor it prefers, including advisors that are not independent, after considering the requisite independence factors.

The Committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

Without limitation, the Committee shall have the sole authority to retain or terminate any consulting firm used to evaluate director, Chief Executive Officer or executive compensation, and to determine and approve the terms of engagement the fees and costs for such engagements. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee.

The Committee shall meet as often as it deems appropriate, but not less frequently than once each year to review the compensation of the executive officers and other employees of the Company, and otherwise perform its duties under this charter. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Committee will also record its summaries of recommendations to the Board in written form, which will be incorporated as part of the minutes of the Board meeting at which those recommendations are presented.

#### IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee shall:

1. Review and approve all compensation for the Chief Executive Officer, including incentive-based and equity-based compensation.
2. Develop annual performance objectives and goals relevant to compensation for the Chief Executive Officer and evaluate the performance of the Chief Executive Officer in light of these goals and objectives.
3. Consider, in determining the long-term incentive component of compensation for the Chief Executive Officer, the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years.
4. Review and approve incentive-based or equity-based compensation plans in which the Company's executive officers participate, and review and approve salaries, incentive and equity awards for other executive officers. Review and approve incentive-based and equity-based awards to each employee or service provider and monitor the balance of the pool of available remaining awards under any equity-based compensation plan.
5. Approve all employment, severance, or change-in-control agreements, special or supplemental benefits, or provisions including the same, applicable to executive officers.
6. Prepare an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.
7. Consider the results of the most recent stockholder advisory "say on pay" vote on executive compensation required by Section 14A of the Exchange Act in determining compensation policies and decisions applicable to the compensation of the Company's Chief Executive Officer and other executive officers of the Company.
8. Review and discuss with management the risks arising from the Company's compensation policies and practices for all employees that are reasonably likely to have a material adverse effect on the Company.
9. Review director compensation for service on the Board and Board committees at least annually and recommend any proposed changes to the Board for approval.
10. Perform such other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.
11. Make regular reports to the Board of Directors regarding the foregoing.

12. Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

13. Review and evaluate the Committee's own performance on an annual basis.