

# Monotype

## Management Development and Compensation Committee Charter

<i>Adopted:</i>	December 13, 2006
<i>Amended:</i>	October 26, 2011
<i>Amended:</i>	October 23, 2013
<i>Amended:</i>	July 22, 2015
<i>Amended:</i>	May 5, 2016

### General Statement of Purpose

The Management Development and Compensation Committee of the Board of Directors (the “Compensation Committee”) of Monotype Imaging Holdings Inc. (the “Company”), on behalf of the Board of Directors (the “Board”), discharges the Board’s responsibilities relating to compensation of the Company’s directors and executives, oversees the Company’s overall compensation programs, reviews and discusses with the Company’s management the Company’s executive compensation disclosure (including the Company’s disclosures under “Compensation Discussion and Analysis”) included in reports and registration statements filed with the Securities and Exchange Commission, and is responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement relating to its annual meeting of stockholders or annual report on Form 10-K, in accordance with applicable rules and regulations. The primary objective of the Compensation Committee is to develop and implement compensation policies and plans that are appropriate for the Company and which provide incentives that further the Company’s long-term strategic plan and are consistent with the culture of the Company and the overall goal of enhancing enduring stockholder value. The Compensation Committee is also responsible for reviewing the performance and for ensuring the ongoing development of the Company’s senior management personnel.

### II. Compensation Committee Composition

The number of individuals serving on the Compensation Committee shall be fixed by the Board from time to time but shall consist of no fewer than three (3) members, each of whom shall satisfy the independence standards of the Marketplace Rules of the National Association of Securities Dealers, Inc., Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code, as amended.

The members of the Compensation Committee shall be appointed annually by the Board and may be replaced or removed by the Board at any time with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from this committee. Vacancies occurring, for whatever reason, may be filled by the Board. The Board shall designate one member of the Compensation

Committee to serve as Chairman of the Compensation Committee. All indemnification, exculpation, expense reimbursement and advancement provisions and rights available to members of the Compensation Committee in their capacities as directors of the Company shall be fully applicable with respect to their service on the Compensation Committee or any subcommittee thereof.

### **III. Meetings**

The Compensation Committee generally is to meet in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, as deemed necessary by the Compensation Committee. A majority of the members of the Compensation Committee shall constitute a quorum for purposes of holding a meeting and the Compensation Committee may act by a vote of a majority of members present at such meeting. In lieu of a meeting, the Compensation Committee may act by unanimous written consent.

### **IV. Compensation Committee Activities**

The following responsibilities are set forth as a guide for fulfilling the Compensation Committee's purposes, with the understanding that the Compensation Committee's activities may diverge as appropriate given the circumstances. The Compensation Committee's purpose and responsibilities shall be as set forth below.

#### **A. Matters Related to Compensation of the Company's Chief Executive Officer**

- Review and provide recommendations to the Board regarding the corporate goals and objectives that may be relevant to the compensation of the Company's Chief Executive Officer ("CEO") at least annually.
- Evaluate the CEO's performance in light of the goals and objectives that were set for the CEO, including the annual performance objectives for the CEO, and approve the CEO's compensation based on such evaluation, including discretionary awards. In connection with determining the long-term incentive component of the CEO's compensation, the Compensation Committee should consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the Company's CEO in past years.
- The Company's CEO may not be present during voting or deliberation concerning his or her compensation.

#### **B. Matters Related to Compensation of the Officers Other than the Chief Executive Officer**

Review and approve, at least annually the compensation of such executive officers, any members of management that report directly to the Chief Executive

Officer or other members of management as the Board and Committee determine appropriate. The Chief Executive Officer shall make compensation recommendations to the Committee, which the Committee will consider. For the purposes hereof the term “officer” has the meaning defined in Section 16 of the Securities Exchange Act of 1934, as amended, and Rule 16a-1 promulgated thereunder.

**C. Executive Compensation Disclosure**

- Review periodically, but not less than annually, a report on the development of senior management personnel.
- Review and discuss with the Company’s management the Company’s executive compensation disclosure (including the Company’s disclosures under “Compensation Discussion and Analysis”) included in reports and registration statements filed with the Securities and Exchange Commission.
- Produce an annual report on executive compensation for inclusion in the Company’s proxy statement relating to its annual meeting of stockholders or annual report on Form 10-K, in accordance with the applicable rules and regulations of the Securities and Exchange Commission, any securities exchange or automated quotation system on which the Company’s securities are traded, and any other rules and regulations applicable to the Company.

**D. Matters Related to Compensation and Equity Based Plans**

- Establish and review annually the Company’s overall management compensation philosophy.
- Review and approve annually the Company’s compensation strategy to ensure that it is aligned with that philosophy and promotes shareholder interests and supports the Company’s strategic and tactical objectives. Also ensure that the strategy provides appropriate rewards and incentives for management and employees of the Company.
- Review and approve actions with respect to the adoption, amendment, administration and termination of all Company-wide incentive compensation plans (executive and non-executive) and equity-based compensation plans of the Company, all in accordance with the terms of such plans, including but not limited to (1) designating eligible participants, (2) determining the size, types, terms, conditions, and participant rights, (3) approving awards and agreements or instruments reflecting awards, (4) construing and interpreting plans and agreements or instruments entered into under them, (5) amending or waiving terms and conditions of outstanding awards, agreements and instruments; provided, that, in each case, where stockholder approval of any action is required under the applicable rules and regulations of the Securities and

Exchange Commission, any securities exchange or automated quotation system on which the Company's securities are traded, and any other rules and regulations applicable to the Company, make recommendations regarding the foregoing to the Board for approval.

- Review on a periodic basis the Company's sales compensation plans to ensure they are aligned with the Company's strategic and tactical objectives.
- Review on a periodic basis the Company's pension and other similar plans to determine whether they are appropriate, properly coordinated and achieve their intended purpose(s).
- In connection with the foregoing, the Compensation Committee shall consider appropriate industry benchmarks and, as appropriate, the compensation policies pursued by companies similarly situated to the Company.

**E. Review of Charter**

Review and reassess the adequacy of this Charter annually and submit any proposed changes to the Board for approval.

**F. Annual Performance Evaluation of the Compensation Committee**

Perform an annual performance evaluation of the Compensation Committee and report to the Board on the results of such evaluation.

**V. Additional Compensation Committee Authority**

The Compensation Committee is authorized, on behalf of the Board, to do any of the following, as the Compensation Committee deems necessary or appropriate in its discretion:

**A. Matters Related to Compensation of the Company's Directors**

- Establish and review the Company's director compensation philosophy and policy.
- Annually review and make recommendations to the Board, with guidance from the Nominating and Corporate Governance Committee of the Board, with respect to the compensation of the directors of the Company, including with respect to any incentive-compensation plans and equity-based plans.

**B. Matters Relating to Retention and Termination of Compensation Consulting Firm or Other Outside Advisors**

- Retain or obtain the advice of compensation consultants, legal counsel and/or other advisers; provided that:

- The Compensation Committee is authorized to, and must, have direct responsibility for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the Compensation Committee and the Company must provide for appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to any such compensation consultant, legal counsel or other adviser; and
- Before any compensation consultant, legal counsel or other adviser (other than (1) in-house legal counsel or (2) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: (i) 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 or (ii) providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant, legal counsel or other adviser and about which the compensation consultant, legal counsel or other adviser does not provide advice) is selected by, or provides advice to, the Compensation Committee, the Compensation Committee shall take into consideration the following factors:
  - The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
  - 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;
  - 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;
  - Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Compensation Committee;
  - Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
  - 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.

### **C. Matters Related to Supplemental Benefits**

- Review and approve, for the CEO and the other officers of the Company, any employment agreements, severance arrangements, and change in control agreements or provisions, in each case, when and if appropriate, and any special or supplemental benefits.

### **VI. General**

- The Compensation Committee may establish and delegate authority to one or more subcommittees consisting of one or more of its members, when the Compensation Committee deems it appropriate to do so in order to carry out its responsibilities.
- The Compensation Committee shall make regular reports to the Board concerning areas of the Compensation Committee's responsibility and maintain minutes or other records of Compensation Committee meetings and activities.
- In discharging its role, the Compensation Committee is empowered to inquire into any matter that it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company. The Compensation Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Compensation Committee or meet with any members of or advisors to the Compensation Committee.
- In carrying out its responsibilities, the Compensation Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Compensation Committee may consult. The Compensation Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities and shall have sole authority to approve any such advisor's fees and other retention terms.
- The Compensation Committee may perform such other functions as may be requested by the Board from time to time.
- The compensation of the members of the Compensation Committee will be determined annually by the Board.