

CHARTER OF THE COMPENSATION COMMITTEE OF SUNWORKS, INC.

I. PURPOSE

The Compensation Committee (the “Committee”) of the board of directors (the “Board”) of Sunworks, Inc., a Delaware corporation (the “Company”) shall have overall responsibility for evaluating and recommending compensation plans, policies and programs of the Company applicable primarily to the Company's executive officers and directors, which includes all officers and directors of the Company subject to Section 16 of the Securities Exchange Act of 1934, as amended.

The Committee shall have the powers and authorities vested in it by stock option, restricted stock, equity incentive, and other compensation plans of the Company. With regard to plans designed and intended to provide compensation primarily for the executive officers, employees, key consultants and directors of the Company, the Committee shall have the power to recommend to the Board the adoption, amendment and modification of equity incentive plans, and the grant and terms and conditions of any grant of stock options, restricted stock awards and other equity incentives for the Company's executive officers, employees, directors and key consultants. The Committee will also have the power and authority to recommend to the Board other forms of compensation for the Company's executive officers and directors, including but not limited to salary, bonus and benefits.

II. COMPOSITION

The Committee shall be comprised of two or more directors. Each member of the Committee shall be independent in accordance with the rules of the NASDAQ Stock Market and the Company's independence guidelines.

At least two members of the Committee must qualify as “non-employee directors” for the purposes of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as amended.

The members of the Committee shall be appointed by the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause. A majority of the members of the Committee shall constitute a quorum.

III. MEETINGS

The Board shall designate a member of the Committee as the chairperson. The Committee shall meet at least four times annually, or more frequently as circumstances require, at such times and places as it deems necessary to fulfill its responsibilities. Meetings of the Committee may be called at any time by any member of the Committee. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as

appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate. The Committee shall, however, meet regularly without such members present, and in all cases the Chief Executive Officer and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

IV. RESPONSIBILITIES

The Committee shall have the following authority and responsibilities:

Review and recommend annually the corporate goals and objectives applicable to the compensation of the chief executive officer (“CEO”), evaluate at least annually the CEO’s performance in light of those goals and objectives, and determine and recommend the CEO’s compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee may consider the Company’s performance and relative stockholder return, the value of similar incentive awards given to chief executive officers at comparable companies and the awards given to the Company’s CEO in past years. In evaluating and recommending CEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation (“Say on Pay Vote”) required by Section 14A of the Exchange Act. The full Board will review the Committee’s recommendations.

Make recommendations to the Board regarding the compensation of all other executive officers. In evaluating and making recommendations regarding executive compensation, the Committee shall consider the results of the most recent Say on Pay Vote.

Review and make recommendations to the Board regarding approval of incentive compensation plans and equity-based plans, and where appropriate or required, recommend such plans for approval by the stockholders of the Company, which includes the ability to recommend to the Board to adopt, amend and terminate such plans. The Committee shall also have the authority to administer the Company’s incentive compensation plans and equity-based plans, including recommendation to the Board of the designation of the employees and consultants to whom awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan and Board approval in each case. In reviewing and making recommendations regarding incentive compensation plans and equity-based plans, including whether to adopt, amend or terminate any such plans, the Committee shall consider the results of the most recent Say on Pay Vote.

Review and discuss with management the Company's Compensation Discussion and Analysis (“CD&A”) and the related executive compensation information, recommend that the CD&A and related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement and produce the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.

Review and make recommendations to the Board regarding any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers, which includes the ability to recommend to the Board to adopt, amend and terminate such agreements, arrangements, or plans.

Determine stock ownership guidelines for the CEO and other executive officers and monitor compliance with such guidelines.

Review and make recommendations to the Board regarding all employee benefit plans for the Company, which includes the ability to recommend to the Board to adopt, amend, and terminate such plans.

Review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.

Review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.

Review director compensation for service on the Board and Board committees at least once a year and to recommend any changes to the Board.

Develop and recommend to the Board for approval a CEO succession plan (the “Succession Plan”), to review the Succession Plan periodically with the CEO, develop and evaluate potential candidates for CEO and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan.

V. OUTSIDE ADVISORS

The Committee shall have the sole authority to retain, oversee, and terminate any compensation consultant to assist in the execution of the Committee's responsibilities, including without limitation, the evaluation of the Chairman of the Board's, CEO's, and other senior executives' compensation, and shall have authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from

internal or external legal, accounting or other advisors. Prior to the retention of a compensation consultant or any other external advisor, and from time to time as the Committee deems appropriate, the Committee shall assess the independence of such advisor from management, taking into consideration all factors relevant to such advisor's independence, including factors specified in the NASDAQ Stock Market listing standards. The Committee shall ensure that any disclosure required by the rules and regulations of the Securities and Exchange Commission or the NASDAQ Stock Market related to the foregoing is included in the Company's proxy statement.

The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation shall not be retained by the Company for any compensation or other human resource matters.

VI. DELEGATION OF AUTHORITY

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

VII. PERFORMANCE EVALUATION

The Committee shall conduct an annual evaluation of the performance of its duties under this charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.