

## **COMPENSATION COMMITTEE CHARTER**



The Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board”) shall be composed entirely of two or more Directors who meet the test for independence and any other criteria required by applicable law and/or stock exchange listing standards, as determined by the Board. Additionally, each member of the Compensation Committee shall qualify as a “non-employee director” for purposes of Rule 16b-3 under the Securities and Exchange Act of 1934, as amended (“Exchange Act”), and as an “outside director” for purposes of Section 162(m) of the Internal Revenue Code. The Compensation Committee shall be responsible for setting and administering the policies and programs that govern both annual compensation and equity programs for the executive officers of the Company. The Compensation Committee shall also be responsible for providing oversight with regard to the Company’s various programs of compensation, including all incentive plans, and equity plans.

The Compensation Committee shall meet at least four times during the year for purposes of performing its duties. The purpose and duties of the Compensation Committee shall include, but not be limited to, the following:

- To review, determine and recommend to the Board appropriate compensation for non-employee directors;
- To review and report to the Board on the Company’s programs for attracting, retaining and promoting executives and for developing future senior management;
- To review and make recommendations to the Board regarding all compensation for the chairman, chief executive officer and any other members of the Board who are deemed to be “inside” directors (during which review and recommendations, such individuals may not be present);
- To review, approve and report to the Board regarding all compensation for executive officers (other than the chairman, chief executive officer and any other members of the Board who are deemed to be “inside” directors) of Sypris;
- To establish the process to evaluate the performance of the Company’s executive officers;
- To review, approve and report to the Board concerning the Company’s equity-based and other incentive compensation plans, to administer such plans, and to recommend to the Board any such plans or amendments thereto which may require stockholder approval;
- To review, approve and report to the Board concerning any perquisites and benefit policies or programs available to the Company’s executive officers,

except to the extent the benefit policies or programs apply to employees of the Company generally;

- To establish the process for the delegation of authority for grants of equity awards to non-executive officers;
- To review the Company's various retirement, pension and other benefit plans with regard to those plans' competitiveness, operations, risks, and compliance measures, and to review any amendments proposed by the members of the defined benefit or defined contribution plan committees to their respective charters;
- To oversee and review, at least annually, the assessment and mitigation of risks associated with the Company's compensation policies and practices and incentive compensation arrangements for its employees;
- To review and reappoint on an annual basis the members of the Company's defined contribution committee ("401(k) Committee"), or appoint new members when a vacancy occurs;
- To review and approve a report of the Compensation Committee as may be required by the rules of the Securities and Exchange Commission to be furnished in the proxy statement for each annual meeting or the annual report on Form 10-K;
- To review and discuss with management the Compensation Discussion and Analysis (CD&A) as may be required by the rules of the Securities and Exchange Commission to be filed with the proxy statement for each annual meeting; and, following such review and discussion, to recommend to the Board that any such CD&A be included in the proxy statement;
- To review the results of stockholder advisory votes on executive compensation ("Say-on-Pay Votes") and, if appropriate, consider these results in connection with the determination of executive compensation and incentive compensation and equity-based plans;
- To review and recommend to the Board the frequency of 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;
- To review and assess the adequacy of and update, if necessary, this Compensation Committee Charter (the "Charter") annually;
- To otherwise carry out the duties and responsibilities set forth in this Charter and any other responsibilities or duties that the Board may assign to the Compensation Committee from time to time.

The Compensation Committee shall periodically report on its activities and make recommendations to the Board of Directors, as appropriate.

The Compensation Committee shall have the right and authority, in its sole discretion, at any time to engage (or terminate the engagement of) compensation consultants, independent legal counsel and other advisors and to obtain advice, reports or opinions from compensation consultants, internal and external counsel and advisors, in each case as it may deem necessary or appropriate to carry out its duties, without obtaining approval from, or consulting in advance with, the Company's management.