

# STERLING CONSTRUCTION COMPANY, INC.

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## CHARTER OF THE COMPENSATION AND TALENT DEVELOPMENT COMMITTEE OF THE BOARD OF DIRECTORS

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May 5, 2021

### I. Purpose

The purpose of the Compensation and Talent Development Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Sterling Construction Company, Inc. (the “Company”) in fulfilling the Board’s oversight responsibilities by (1) discharging the Board’s responsibilities relating to compensation of the Company’s executive officers, (2) overseeing the form and amount of director compensation, (3) overseeing the administration of the Company’s equity incentive and executive compensation programs, and (4) developing and overseeing the plan regarding the succession of key management.

### II. Composition

The Committee will be comprised of three or more directors appointed and replaced by the Board in accordance with the Company’s Board Governance Guidelines. Each member of the Committee shall meet the independence requirements of the Nasdaq Stock Market (“NASDAQ”) for directors generally and for compensation committee members specifically, and the applicable rules and regulations of the United States Securities and Exchange Commission (the “SEC”). In addition, members of the Committee will qualify as “non-employee” directors under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

In affirmatively determining the independence of any director who will serve on the Committee, the Board will consider all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director’s ability to be independent from management in connection with the duties of a Committee member, including, but not limited to: (1) the sources of compensation of such director, including any consulting, advisory or other compensatory fees paid by the Company to such director, or by any person or entity that would impair the director’s ability to make independent judgments about the Company’s executive compensation, and (2) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company, including consideration of whether the relationship places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of management, in each case of a nature that would impair the director’s ability to make independent judgments about the Company’s executive compensation.

The Board shall appoint a Chairman of the Committee. The Board may appoint or remove any member of the Committee (or fill vacancies on the Committee) by the vote of a majority of the directors. The Committee may form subcommittees and delegate its responsibilities and authority to such subcommittees in its sole discretion, to the extent consistent with the Company's Articles of Incorporation, By-Laws, this Charter, and Rule 16b-3 of the Exchange Act.

### **III. Meetings**

The Committee will meet at least four times a year, or more frequently if the Committee determines it to be necessary or appropriate. The Chairman of the Committee (or his or her designee from the Committee) shall preside over each meeting and, in consultation with the other members of the Committee and management of the Company, will set the agenda for each meeting. Meetings may be held at any time, any place and in any manner permitted by applicable law and the Company's By-Laws. Subject to the limitations of this Charter and NASDAQ requirements, the Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide information as the Committee requests, but the Committee reserves the right in its discretion to meet at any time in executive session. Executive officers (including the Chief Executive Officer ("CEO")) will not be present during the portion of any meeting when their compensation is discussed or determined. The Committee will deliver regular reports of its activities to the Board. The Committee will keep written minutes of its meetings, which minutes will be available to every member of the Board.

### **IV. Authority and Responsibilities**

Subject to the limitations set forth in this Charter and to applicable laws, rules, regulations and standards, the Committee will have the following authority and responsibilities:

1. The Committee will periodically review and approve the goals and objectives relevant to the compensation of the Company's executive officers (including the CEO), evaluate the performance of the executive officers in light of those goals and objectives, and determine and approve the compensation levels of the executive officers based on this evaluation. In evaluating and determining executive compensation, the Committee shall consider and approve the compensation peer group and further 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.

2. The Committee will periodically review the Company's equity incentive plans and executive compensation plans, programs and practices in light of the goals and objectives with respect to such plans, programs and practices, and, if the Committee deems it appropriate, adopt new or amend or terminate existing plans or programs, or to the extent such adoption, amendment or termination requires Board approval, recommend to the Board the adoption of new, or the amendment or termination of existing, equity incentive plans and executive compensation plans and programs. In reviewing and making recommendations regarding equity incentive plans and executive compensation plans and programs, including whether to adopt,

amend or terminate any such plans or programs, the Committee shall consider the results of the most recent Say on Pay Vote.

**3.** The Committee will administer and exercise all powers allocated to it under the Company's equity incentive plans and executive compensation plans and programs, including the powers to (a) designate participants and determine the terms and conditions of the awards granted to each participant, (b) establish performance goals and determine whether such goals have been attained, and (c) adopt policies under such plans and programs.

**4.** The Committee will review, approve and submit to the Board for its approval (a) any other proposed program or arrangement offering or providing any incentive, retirement or other compensation, benefits or perquisites to one or more of the Company's executive officers or directors (other than any plan or arrangement offering benefits that do not discriminate in scope, terms or operation in favor of executive officers or directors and that are generally available to all salaried employees), and (b) any significant amendment or change to any such plan or arrangement.

**5.** The Committee will review, approve and submit to the Board for its approval (a) any proposed employment, severance or change-in-control agreement between the Company and an executive officer or proposed executive officer, and (b) any proposed extension or significant amendment thereto.

**6.** The Committee will (a) review and discuss with Company management the Compensation Discussion and Analysis (the "CD&A") and the related executive compensation information to be included in the Company's annual proxy statement and determine whether to recommend to the Board that the CD&A and related executive compensation information be included in the proxy statement and/or annual report on Form 10-K, and (b) produce an annual report of the Committee for inclusion in the Company's annual report on Form 10-K and/or proxy statement in compliance with and to the extent required by the rules and regulations of the SEC.

**7.** The Committee, in consultation with management, will oversee compliance with regulations governing executive compensation.

**8.** The Committee will establish and periodically review stock ownership guidelines for the executive officers and non-employee directors of the Company and will monitor compliance with such guidelines.

**9.** The Committee will oversee the Company's assessment of whether its compensation policies and practices are reasonably likely to have a material adverse effect on the Company and to evaluate compensation policies and practices that could mitigate any such risk.

**10.** The Committee will 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.

**11.** The Committee will review and approve every other year the form and amount of director compensation, including cash, equity-based awards and other forms of director compensation, in accordance with the Company's Board Governance Guidelines, and recommend any changes to the Board as necessary.

**12.** The Committee will monitor broadly the structure, philosophy, or competitiveness of the Company's executive compensation practices, and oversee the establishment and administration of the Company's broad-based employee benefit plans and programs, and review or approve significant amendments or changes thereto.

**13.** The Committee may, in its sole discretion, retain, obtain the advice of or terminate a compensation consultant, independent legal counsel or other adviser ("Advisers"). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such Advisers retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such Advisers retained by the Committee. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of any such Advisers, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

Prior to selecting, or receiving advice from, any Adviser, the Committee shall take into consideration all factors relevant to the Adviser's independence from management in accordance with SEC and NASDAQ requirements, including the independence factors listed below. The Committee is required to conduct this independence assessment with respect to any Adviser that provides advice to the Committee, other than in-house legal counsel. The independence factors that the Committee must consider, in addition to any other factors the Committee deems relevant, are: (a) the provision of other services to the Company by the employer of the Adviser; (b) the amount of fees received from the Company by the employer of the Adviser, as a percentage of the total revenue of the employer of the Adviser; (c) the policies and procedures of the employer of the Adviser that are designed to prevent conflicts of interest; (d) any business or personal relationship of the Adviser with a member of the Committee; (e) any stock of the Company owned by the Adviser; and (f) any business or personal relationship of the Adviser or the employer of the Adviser with an executive officer of the Company. The Committee may retain, or receive advice from, any Adviser that it prefers, including ones that are not independent, after considering the specified factors.

In addition to conducting the independence assessment discussed above, the Committee shall also determine whether the work of any compensation consultant has raised any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K of the Securities Act of 1933, as amended, and review the proposed disclosure in the Company's proxy statement of the nature of any conflict and how such conflict is being addressed. The independence factors listed above are among the factors that shall be considered by the Committee in determining whether a conflict of interest exists.

## **V. Key Management Succession**

The Committee shall oversee the succession policy (except for the CEO) and talent development for executive management (and such other members of senior management as it deems appropriate). In addition, the Committee shall review and present to the Board, not less than annually, talent development and the succession pipeline for executive management (and such other members of senior management as it deems appropriate) and an evaluation of the adequacy of the plan. Finally, the Committee will recommend to the Board any action or changes arising out of, or necessitated by, such evaluation.

## **VI. Evaluation of this Charter and the Compensation Committee's Performance**

The Committee will annually review and evaluate the adequacy of this Charter and recommend any proposed changes to the Board. The Committee will also periodically review and evaluate its performance.

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Approved by the Compensation Committee and adopted by the Board of Directors on May 5, 2021.