

STERLING CONSTRUCTION COMPANY, INC.
CHARTER OF THE AUDIT COMMITTEE
OF THE
BOARD OF DIRECTORS

1. The Audit Committee.

- (a) The Audit Committee (the “*Committee*”) is a standing committee of the Board of Directors (the “*Board*”) that is charged with assisting the Board in fulfilling its responsibility to oversee the Company’s accounting and financial reporting processes, the audits of the Company’s financial statements and the Company’s Ethics and Compliance Program.
- (b) The Committee reviews the Company’s financial reports and other financial information, the Company’s internal accounting and financial controls, its controls and procedures relating to public disclosure of information, the audit of the Company’s financial statements by the Company’s independent auditors (hereinafter referred to as the “*Auditors*”) and the conduct of the Company’s Ethics and Compliance Program.
- (c) The Board shall ensure that the Company provides the Audit Committee with the resources needed to carry out its responsibilities and to exercise its authority under this Charter, including staff and administrative support, as well as continuing education.
- (d) Any issue of significant financial misconduct shall be brought by the Company’s management (“*Management*”) or by the Chief Compliance Officer to the attention of the Committee for its consideration.
- (e) Each year, the Committee will assess its own performance and the adequacy of this Charter and will recommend any changes regarding either of them to the Board.

2. Authority of the Audit Committee.

- (a) The Committee shall have the responsibility and the authority required by the listing standards of the NASDAQ Stock Market (“*NASDAQ*”), Rule 10A-3, promulgated under the Securities Exchange Act of 1934 (the “*Exchange Act*”), and the applicable rules and regulations of the United States Securities and Exchange Commission (“*SEC*”). Such authority shall include, but shall not be limited to the authority in its sole discretion to institute an investigation of any matter brought to its attention, including suspected or alleged improprieties or illegalities involving the Company, its personnel, the Auditors, legal counsel or other advisers.
- (b) The Committee shall have full access to all books, records, facilities and personnel of the Company, and the authority to engage and compensate independent counsel and other advisers that it determines are necessary, appropriate or advisable in carrying out its responsibilities and exercising its authority.
- (c) Without limiting the generality of the foregoing, the Audit Committee shall have the authority to expend such funds of the Company as it deems necessary, appropriate or advisable in carrying out its responsibilities under this Charter.

3. Audit Committee Membership.

- (a) The Committee shall consist of not less than three members. The members of the Committee and the Committee Chair shall be elected by the affirmative vote of a majority of the Company’s independent directors, upon the recommendation of the Corporate Governance and Nominating Committee. The Committee members and the Chair shall serve until his or her resignation or death, provided that the Company’s independent directors may remove any member of the Committee at any time, with or without cause.
- (b) Each member of the Committee shall satisfy the standards of independence, experience and other qualifications required by this Charter, the SEC and NASDAQ, including the heightened independence standards for members of the Committee set forth below, and shall be able to read

and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.

- (c) At least one member of the Committee must be an “audit committee financial expert” as that term is defined from time to time in Item 407(d)(5)(ii) of Regulation S-K. Any person who qualifies as an audit committee financial expert will be presumed to have financial sophistication.
- (d) No member of the Committee may serve simultaneously on the audit committees of more than two other public companies.
- (e) An independent director for purposes of membership on the Audit Committee is one who —
 - (i) The Board affirmatively determines does not have a material relationship with the Company that would interfere with the exercise of his or her independent judgment;
 - (A) Does not receive, directly or indirectly, any consulting, advisory or other compensation from the Company other than in his or her capacity as a director or as a member of one or more committees of the Board;
 - (B) Is not an “affiliated person”⁽¹⁾ of the Company or of any subsidiary of the Company, other than by reason of his or her status as a director or as a member of one or more committees of the Board; and
 - (ii) Does not otherwise fall within the category of persons that are not considered independent for purposes of Audit Committee membership under the rules of the exchange on which the Company's common stock is listed or under applicable SEC rules.

4. **Audit Committee Governance.**

- (a) *Quorum & Voting.* At meetings of the Committee, the presence of a majority of all members shall be necessary to constitute a quorum for the transaction of business, and the affirmative vote of a majority of all members of such quorum shall be necessary to take any action. The responsibilities of the Committee may be delegated to one or more members of the Committee to the extent permitted by applicable law and NASDAQ rules and regulations.
- (b) *Committee Rules & Regulations.* The Committee may adopt such rules and regulations for the calling and holding of meetings of the Committee and for the transaction of business at its meetings as the Committee may deem necessary, appropriate or advisable provided that such rules and regulations are not inconsistent with (i) any laws, rules or regulations applicable to the Committee; (ii) the Certificate of Incorporation or the By-Laws of the Company; (iii) any resolution of the Board; or (iv) the express terms of this Charter.
- (c) *Meeting Minutes.* The Committee shall keep minutes of its proceedings and shall report thereon to the Board at its next meeting.

5. **Responsibilities of the Audit Committee.** The primary role of the Committee is to oversee the financial reporting and disclosure process. To fulfill this obligation, the Committee relies on Management for the preparation and accuracy of the Company’s financial statements, Management and the Company’s internal auditing department for establishing and maintaining internal accounting and financial controls, and the Company’s Auditors for an unbiased, diligent audit of the Company’s financial statements and the effectiveness of the Company’s internal controls. Committee members are not responsible for conducting the audit or performing other accounting functions. The following is a non-exclusive list of steps that the Committee should take to ensure that it is fulfilling its responsibilities. These steps may change from time to time as circumstances dictate.

- (a) *Meetings.* The Committee shall meet at least quarterly and shall call additional meetings, as circumstances require. When appropriate, the Committee shall meet with legal counsel to discuss legal matters that may have an impact on the Company’s financial statements.
- (b) *Selection of Auditors.* The Audit Committee shall be directly responsible for the appointment and retention of the Company's Auditors and any other registered public accounting firm engaged on

behalf of the Company, for approving their compensation and for overseeing their work. In the event of any dispute between the Company's Management and the Auditors regarding financial reporting, it shall be the responsibility of the Committee to assist in resolving it.

- (c) *Audit Related Problems.* The Committee shall review and discuss with management and the Auditors (i) any problems or difficulties encountered by the Auditors in conducting the audit, (ii) any significant disagreements between Management and the Auditors and (iii) Management's response to the problems, difficulties or disagreements.
- (d) *Meetings with Auditors.* The Committee shall meet with the Auditors without any member of Management present to review and discuss: (i) the Auditors' responsibilities under generally accepted auditing standards ("GAAP"), (ii) the overall audit strategy and the scope and timing of the audit, (iii) all critical accounting policies and practices to be used in the audit, and (iv) all alternative treatments of financial information within GAAP that have been discussed with Management, the ramifications of the use of such alternative treatments and the treatment preferred by the Auditors.
- (e) *Pre-Approval Policy.* The Committee shall approve all audit engagement fees and terms. The Committee shall pre-approve all audit and permitted non-audit services that may be provided by the Company's Auditors or any other registered public accounting firms, including fees and other terms thereof, and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's Auditors or other registered public accounting firms on an ongoing basis. The Committee may designate to one of its members the authority to approve audit and permissible non-audit services provided that such approvals are reported to the full Committee at its next scheduled meeting.
- (f) *Accounting Controls.* The Committee shall periodically discuss with Management and the Auditors the quality and adequacy of the Company's internal controls and internal auditing procedures, including (i) any significant deficiencies in the design or operation of those controls that could adversely affect the Company's ability to record, process, summarize and report financial data; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- (g) *Disclosure Controls.* The Committee shall annually review the adequacy and effectiveness of the Company's disclosure controls and procedures, such review to be based, in part, on an annual, written report on disclosure controls and procedures prepared by the Chief Financial Officer of the Company, which shall be furnished to Committee members in advance of the review.
- (h) *Financial Statements.* The Committee shall review with Management and the Auditors the audited financial statements, form of audit opinion and the disclosure under the "Management's Discussion and Analysis of Financial Condition and Results of Operation" to be included in the Company's Annual Report on Form 10-K and the Annual Report to Stockholders prior to filing, and shall recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K and issue the Audit Committee report to be included in the Company's proxy statement. The Committee shall review with Management and the Auditors the Company's interim financial information to be included in the Company's Quarterly Reports on Form 10-Q prior to filing.
- (i) *Accounting Policies.* The Committee shall periodically review with Management and the Auditors the quality as well as the acceptability of the Company's accounting policies. The Committee shall periodically discuss with the Auditors how the Company's accounting policies compare with those of other companies in the Company's industry and alternative treatments of financial information within GAAP that have been discussed with Management, the ramifications of the use thereof and the treatment preferred by the Auditors.
- (j) *Adjustments & Transactions.* The Committee shall discuss with the Auditors whether all material correcting adjustments identified by the Auditors in accordance with GAAP and the rules and

regulations of the SEC are reflected in the Company's financial statements. The Committee shall review with Management and the Auditors any material financial or other arrangements of the Company which do not appear in the Company's financial statements and any transactions or courses of dealing with third parties that are significant in size or that involve terms or other aspects that differ from those that are likely to have been negotiated with independent parties and which arrangements or transactions are relevant to an understanding of the Company's financial statements.

- (k) *Review Communications between Management and Auditors.* The Committee shall review with the Auditors all material communications between the Auditors and Management, such as any management letter or schedule of unadjusted differences.
- (l) *Communications with the Auditors.* The Committee shall review and discuss with the Auditors all matters required to be discussed by Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 1301, *Communications with Audit Committees*, and PCAOB Auditing Standard No. 2410, *Related Parties*.
- (m) *Auditors' Independence.* The Committee shall (i) request from the Auditors an annual formal written statement delineating all relationships between the auditor and the Company consistent with PCAOB Auditing Standard No. 3526, *Communications with Audit Committees Concerning Independence*, and such other requirements as may be established by the PCAOB from time to time; (ii) discuss with the Auditors any such disclosed relationships or services that may impact the objectivity and independence of the Auditors'; (iii) set Company hiring policies for employees or former employees of the Auditors which participated in the Company's audit; (iv) insure the regular rotation of the lead audit partner with primary responsibility of the Company's audit or review; and (v) shall take any appropriate action regarding the independence and objectivity of the Auditors resulting therefrom.
- (n) *Auditors' Performance.* The Committee shall periodically review and evaluate the qualifications and performance of the Auditors. This review shall include obtaining annual reports on the Auditors' quality control procedures and any material issues raised by the most recent internal quality control and peer reviews of the Auditors.
- (o) *Releases & Guidance.* The Committee shall review and discuss with Management and the Auditors the Company's policies with respect to press releases on earnings and earnings guidance, including the use of *pro forma*, adjusted or other non-GAAP financial information provided by the Company to the public or to analysts and ratings agencies.
- (p) *Risks.* The Committee shall discuss with Management the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures.
- (q) *Related Party Transactions.* The Committee shall review, approve and oversee any transaction between the Company and any related party required to be disclosed under Item 404 of Regulation S-K and discuss with Management the business rationale for the transaction(s) and the appropriateness of any disclosure. The Committee shall oversee the development, implementation and content of policies and procedures for the review and approval of all such related party transactions.
- (r) *Information Technology.* The Committee shall periodically review and discuss with Management the qualifications and performance of the Company's information technology function and its staff.
- (s) *Critical Accounting Matters.* Beginning with audits of fiscal years ended on or after December 15, 2020, review and discuss with the Auditors any critical audit matters (CAMs) identified during the audit of the Company's financial statements that (i) relate to accounts or disclosures that are material to the financial statements and (ii) involved especially challenging, subjective or complex auditor judgment.

6. **Complaint & Reporting Procedures.**

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- (a) The Audit Committee shall establish procedures for —
 - (i) The receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
 - (b) The existence and the nature of the reporting procedures shall be communicated to all employees and, to the extent appropriate, to agents of the Company.
 - (c) It shall be a violation of the Company's Code of Business Conduct to intimidate or impose any form of retribution on any employee or agent who utilizes such reporting system in good faith to report suspected violations, except that appropriate action may be taken against such employee or agent if he or she is one of the wrongdoers.
7. **Ethics and Compliance.** The Committee shall oversee the Company's Ethics & Compliance Program (the "*Program*") in the following manner as well as in any other way the Committee believes is necessary, appropriate or advisable to implement the Program.
- (a) The Committee shall ensure that the Chief Compliance Officer (the "*CCO*") has the resources needed to carry out his or her responsibilities, including when necessary, staff and administrative support, as well as continuing education.
 - (b) The Chief Compliance Officer Charter; the appointment and, when necessary, the removal of the CCO; and any significant changes to the budget or resources of the Program shall be subject to the prior approval of the Committee.
 - (c) The Committee shall require the CCO to provide a written report at least quarterly regarding the status of the Program, including information about ethics and compliance hot-line calls, investigation trends, ethics and compliance training, and any other information the Committee deems relevant.
 - (d) The Committee shall require the CCO to present annually to the Committee for review and approval a report on the CCO's plans for the Program for the following year, as well as a report on the goals achieved in the prior year.
 - (e) The Committee shall periodically review with the CCO the processes for monitoring compliance with the Company's Code of Business Conduct.
 - (f) The CCO shall present any Code of Business Conduct waiver request by, or proposed grant to, any director or executive officer to the full Board, together with its recommendation for approval or denial. It shall be the responsibility of the Committee to determine whether any waiver granted requires disclosure under applicable laws, rules and regulations.
 - (g) As to any "significant" matters (as defined in the CCO Charter) the Committee shall be notified by the CCO prior to the final disposition of the matter.
 - (h) The Committee will meet with the CCO in executive session at least annually to discuss, among other topics, the level of Management's support of, and adherence to, the Program. The Committee will also meet in executive session with the CCO upon his or her request so that any issues related to the Program may be discussed without Management present.

THIS CHARTER SHALL BE MADE AVAILABLE TO THE PUBLIC ON THE COMPANY'S WEBSITE AT

www.STRLCO.COM.

Adopted February 12, 2004

Revised November 2, 2005

Revised March 14, 2007

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