

## **Sterling Construction Company, Inc. Board Governance Guidelines**

The following Board Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors to provide a structure within which the Board can effectively represent the stockholders and pursue the Company's objectives for the benefit of its stockholders, employees, customers and other stakeholders. These Guidelines, along with the charters of the standing committees of the Board, establish the framework for the governance of the Company and reflect the Board’s commitment to overseeing the effectiveness of policy and decision making at the Board and management levels. These Guidelines are intended to be flexible, not a set of binding legal obligations except to the extent that a particular guideline is also a legal requirement. These Guidelines are subject to applicable laws, rules and regulations, as well as to the Company's Certificate of Incorporation, and Amended and Restated Bylaws (the “Bylaws”), and any applicable Company policies.

The Board may amend these Guidelines, and may approve a waiver of one or more of the guidelines included herein when the Board deems it necessary, appropriate or advisable to do so.

### **Director Responsibilities**

Directors should exercise sound business judgment and act in what they reasonably believe to be the best interests of the Company and for the benefit of the Company’s stockholders in a manner consistent with their fiduciary duties.

Director responsibilities include, but are not limited to, (a) overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed, (b) reviewing, and where appropriate, approving the Company’s major financial objectives, capital and operating budgets, strategic plans and other significant policies and corporate actions, (c) assessing major risk factors relating to the Company and its performance, and reviewing measures to address and mitigate such risks, and (d) representing the interests of all of the Company’s stockholders.

### **Directors' Commitments**

Directors are expected to invest the time and effort necessary to understand and oversee the Company's business, strategies, and risks.

Directors are expected to attend the meetings of the Board and of the committees on which they serve; to prepare for meetings by reviewing in advance the materials distributed to them; and to actively participate in Board and committee discussions.

Directors are expected to attend in person the Annual Meeting of Stockholders, which is scheduled to coincide with a regularly-scheduled Board meeting.

Directors are expected to make themselves available outside of Board and committee meetings for advice and consultation with the Chief Executive Officer (“CEO”) and other directors.

The Corporate Governance and Nominating Committee will consider a director's past attendance at meetings and participation in, and contributions to, the activities of the Board and any standing committees on which such director serves when considering whether to recommend the director for re-nomination.

### **Board Size**

The Board believes that between six and nine directors is an appropriate size given the size of the Company. The Board may adjust the size of the Board from time to time.

### **Board Membership Criteria**

In accordance with the policies and principals in its charter, the Corporate Governance and Nominating Committee identifies and recommends for nomination by the Board qualified candidates for election as directors of the Company. Candidates may be suggested by other directors, members of management, shareholders, and by other third parties, including a search firm retained by the Corporate Governance and Nominating Committee.

Stockholders may propose candidates for consideration by the Corporate Governance and Nominating Committee by submitting the names and supporting information to: Sterling Construction Company, Inc., % Corporate Secretary, 1800 Hughes Landing Blvd. - Suite 250, The Woodlands, Texas 77380. Supporting information should include (a) the name and address of each of the candidate and the proposing stockholder, (b) a comprehensive biography of the candidate and an explanation of why the candidate is qualified to serve as a director taking into account the criteria identified below, (c) proof of ownership, the class and number of shares, and the length of time the shares of the Company's voting securities have been beneficially owned by each candidate and the proposing stockholder, and (d) a letter signed by the candidate stating his or her willingness to serve, if elected, as a director. Stockholders may also directly nominate candidates for election at a meeting of stockholders pursuant to specific procedures provided in the Company's Bylaws.

### **Director Independence**

At least a majority of the Board shall qualify as independent in accordance with the requirements of the NASDAQ listing rules.

The Board, upon recommendation of the Corporate Governance and Nominating Committee, determines whether the non-employee directors qualify as independent.

The Board will maintain a balance of independent and non-independent directors, including current and possibly former members of management, that it believes is effective for the promotion of stockholder interests and the governance of the Company.

### **Director Tenure**

The Board has not established term limits or a retirement age for directors.

The Board believes it is important to have a mix of new and longer tenured directors. Directors who have served on the Board for an extended period of time can provide valuable insight into the operations and strategy of the Company based on their experience and understanding of the Company's history, policies and objectives, while directors who are new to the Board can provide new backgrounds and perspectives to the Board.

The tenure and age of an incumbent director is taken into account by the Corporate Governance and Nominating Committee when it considers whether to recommend that the director be re-nominated.

### **Change in Status**

If a director's job responsibilities or position held when he or she became a director change materially, the director is expected to notify the Chair of the Corporate Governance and Nominating Committee.

The Corporate Governance and Nominating Committee will evaluate whether the director continues to satisfy the Board's membership criteria. If the Corporate Governance and Nominating Committee determines that the director no longer satisfies the Board's membership criteria, the director is expected to promptly tender his or her resignation to the Board. The Corporate Governance and Nominating Committee also will take the change into account when it decides whether to recommend the re-nomination of the director.

A non-employee director who becomes an employee of the Company is expected to promptly tender his or her resignation to the Board.

Upon leaving the Company's employ, a director who was also an employee is expected to promptly tender his or her resignation to the Board.

### **Failure to Receive a Majority of Votes Cast**

Under the Company's Bylaws, directors are elected by majority vote. However, if the number of nominees for director exceeds the number of directors to be elected, the directors shall be elected by plurality vote.

As a condition to nomination for election or reelection to the Board, each incumbent director or director nominee shall submit to the Board in advance of the Annual Meeting an executed irrevocable letter of resignation to the Board that is deemed tendered if the director fails to receive the votes required for election or reelection. Such resignation shall only be effective upon acceptance by the Board of Directors, which effective time may be deferred until a replacement director is identified and appointed to the Board.

If an incumbent director fails to achieve a majority of the votes cast in an uncontested election, the Corporate Governance and Nominating Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act promptly on the Corporate Governance and

Nominating Committee's recommendation, considering all factors that the Board of Directors believes to be relevant, and will publicly disclose its decision and the rationale behind it within ninety (90) days from the date of the certification of the election results.

The Corporate Governance and Nominating Committee and the Board will consider what they understand to be the reason(s), or the reason(s) stated by stockholders, for the nominee not receiving the required vote, whether the underlying cause(s) are curable, the overall composition of the Board and the effect acceptance of this or other tendered resignations could have under any applicable rule, regulation or contract (including the NASDAQ listing standards and federal securities laws), as well as any other factors that they believe to be relevant.

The Board expects any director whose resignation is being considered will abstain from participation in both the Corporate Governance and Nominating Committee's consideration of the director's resignation, if the director is a member of that committee, and the Board's decision regarding the resignation. The Board also expects any such director will abstain from participation in consideration of any other director's resignation unless there would be fewer than three directors eligible to participate in the Board's consideration of such other director's resignation.

### **Review of Certain Transactions**

Each director is expected to promptly inform the Audit Committee of any direct or indirect transaction between the director and the Company.

All related-party transactions are subject to review and approval by the Audit Committee in accordance with its charter, as well as under applicable laws and NASDAQ listing rules.

### **Conflicts of Interest**

Prior to a Board discussion on any matter that potentially affects a director's personal, business, or professional interests, that director is expected to (a) disclose the existence of the potential conflict of interest to the Chairman of the Board and (b) if the Chairman of the Board (after consultation with legal counsel) determines that a conflict exists or that the perception of a conflict is likely to be significant, recuse himself or herself from any discussion or vote related to the matter.

The Board believes that a director should offer his or her resignation if there is a substantial conflict of interest between the director and the Company or the Board and such conflict cannot be resolved to the satisfaction of the Board.

### **Outside Directorships and Outside Committee Participation**

The number of other public-company boards on which a director serves is expected not to exceed four.

The number of other public-company audit committees on which members of the Board's Audit Committee serve is expected not to exceed two.

The number of public-company boards on which the CEO serves (other than the Company's Board) may not exceed one.

### **The Chairman of the Board**

The Chairman of the Board is elected from among the independent directors by such directors.

The Chairman of the Board is responsible for leading the Board and facilitating the relationship between management and the Board to ensure the provision of timely and accurate information to the Board. In addition, the Chairman of the Board: (1) presides at all meetings of the Board and executive session of its independent directors; (2) presides at the Annual Meeting of Stockholders; (3) approves the agenda of all Board meetings; (4) serves as a liaison between the independent directors and senior management; and (5) has the authority to call meetings of the full Board and executive session of the independent directors.

### **Board & Committee Meetings**

An annual schedule of Board and committee meetings is approved each year by the Board in advance of the beginning of a fiscal year. The schedule is established, to the extent possible, so that every director will be able to attend every meeting in person.

The frequency, length and agenda of Board and committee meetings is determined by the Chairman of the Board and the chairs of the committees, with suggestions from the other directors.

The Board and each standing committee of the Board shall meet at least four times a year.

### **Executive Sessions**

The independent directors shall meet in regularly-scheduled executive sessions without management present during each regularly-scheduled Board meeting, and more often as the independent directors determine to be appropriate. The Chairman of the Board will preside at all executive sessions of the independent directors.

### **Board & Committee Meeting Materials**

All Board and committee meeting materials that relate to items on the agenda are to be distributed at least two business days in advance of the meeting, except in special circumstances.

### **Management Reports**

At all regularly-scheduled Board and committee meetings, management is to be available to report on agenda items as requested by the Chairman of the Board and committee chairs.

## **Board Committees**

The Board has three standing committees: the Audit Committee, the Compensation and Talent Development Committee, and the Corporate Governance and Nominating Committee. Each committee has a written charter that is reviewed annually by the members of the committee with a view to recommending to the Board any changes to the charter that committee members deem appropriate.

The Board may form other ad hoc committees as needed, and the members of those committees may include non-independent directors unless prohibited by law or regulations. The Corporate Governance and Nominating Committee determines the compensation, if any, for service on an ad hoc committee.

Directors who are also employees receive no additional compensation for service on the Board or on any ad hoc committee.

The Board determines the number of members of each committee, with a required minimum of three members for each standing committee.

The Board, upon recommendation of the Corporate Governance and Nominating Committee, elects all members of all committees, including the chair of each committee, and may remove one or more of them at any time.

The number, structure, and function of the Board's committees are reviewed periodically by the Corporate Governance and Nominating Committee with a view to recommending to the Board any changes that committee members deem appropriate.

## **Independence of Committee Members**

All members of the Audit Committee, the Compensation and Talent Development Committee and the Corporate Governance and Nominating Committee will qualify as independent in accordance with the requirements of the NASDAQ listing rules. Additionally, members of the Audit Committee and the Compensation and Talent Development Committee must meet the heightened standards of independence in accordance with the requirements of the NASDAQ listing rules and Securities and Exchange Commission rules and regulations, as amended from time to time.

## **Committee Reports**

The chairs of the standing committees of the Board report on a regular basis to the full Board on the proceedings and deliberations of their committees, and make recommendations to the Board on committee matters requiring the approval of the full Board.

## **Director Orientation**

The Corporate Governance and Nominating Committee, working with the chairs of the relevant committees, is responsible for providing an orientation program to new directors, including materials and other assistance when they join the Board.

## **Continuing Education**

The Board believes that on-going education is important for maintaining an effective Board. Accordingly, directors are expected to attend at least one continuing education program a year that relates to service on a board of directors or on a board committee, and to report to the other directors on any insights gained from the program.

The Company reimburses directors for their expenses incurred in connection with attending educational programs, but not for the time spent attending the program.

## **Director Compensation**

Director compensation is reviewed annually by the Corporate Governance and Nominating Committee. Among other considerations, the Committee determines how the Company's director compensation compares to the director compensation of its peer group.

Directors who are also employees of the Company do not receive any additional compensation for serving on the Board.

## **Board & Committee Evaluations**

Each member of the Board annually conducts a self-evaluation through an anonymous survey of the Board and each standing committee of the Board.

The Chair of the Corporate Governance and Nominating Committee collects the results of the survey and summarizes them for a report to the independent directors in an executive session.

The Board should discuss each evaluation to determine what, if any, actions should be taken to improve the effectiveness of the Board or any committee thereof or any directors.

## **Individual Directors**

The Chair of the Corporate Governance and Nominating Committee confers each year with each director individually to solicit comments about nominations for election and reelection to the Board, and to permit each director to express any concerns about the functioning of the Board, its committees and its members. Any comments a director may have about the Corporate Governance and Nominating Committee and its Chair are directed to the Chairman of the Board.

## **Evaluation of the Chief Executive Officer**

The Board believes that the evaluation of the performance of the CEO is one of the Board's important functions. The evaluation is made annually by the independent directors in executive session in a formal process that is overseen by the Compensation and Talent Development Committee, the results of which are communicated to the CEO by the Chairman of the Board.

## **Access to Senior Management**

Members of the Company's senior management are to be available to discuss matters of concern to directors at all reasonable times.

## **Independent Advisors**

As a general matter, the Board and each committee of the Board has the authority to retain independent advisors that it deems appropriate in its sole discretion on any matter connected with the discharge of its duties, as well as the authority to approve the fees, expenses and other retention terms of those consultants and advisors.

In addition, the Compensation and Talent Development Committee, in particular, has sole authority to retain and terminate compensation consultants, including outside counsel, and any other compensation advisors it deems appropriate, as well as the sole authority to approve the fees and other retention terms of those consultants and advisors.

Before retaining any compensation consultant, outside counsel or other advisor, the Compensation and Talent Development Committee evaluates their independence consistent with applicable laws, rules, regulations and listing standards.

## **Chief Compliance Officer Reports**

The Company has a Chief Compliance Officer who reports regularly to the Audit Committee. The report covers the extent to which the Company and its employees are in compliance with the Code of Business Conduct and other Company policies, as well as the state of continuing compliance education for employees.

## **Succession Planning**

The Board maintains an emergency succession plan should an unforeseen event occur, such as the death or disability of the CEO, and a long-term CEO succession plan. The Corporate Governance and Nominating Committee, in consultation with the Board, the CEO and such other members of management as the Corporate Governance and Nominating Committee deems necessary or appropriate, is responsible for the development and maintenance of, and oversight over, the Company's CEO succession plans.

The Board also maintains a succession planning policy for key members of management. The Compensation and Talent Development Committee, in consultation with the Board, the CEO and



such other members of management as the Compensation and Talent Development Committee deems necessary or appropriate, is responsible for the development and maintenance of, and oversight over, the Company's key management succession plans.

### **Communications with Stockholders**

The Chairman of the Board, with the assistance of senior executives, will represent the Board to the stockholders, and will communicate the Board's position on significant issues.

Stockholders may contact the Board as a group, the independent directors as a group, a Board committee, or an individual director as follows:

By mail to: Sterling Construction Company, Inc., % Corporate Secretary, 1800 Hughes Landing Blvd. - Suite 250, The Woodlands, Texas 77380

By e-mail to: [Strlco@Lighthouse-Services.com](mailto:Strlco@Lighthouse-Services.com)

Each communication should specify the addressee as well as the general topic of the communication. The Secretary will give these communications to the directors as they are received unless they are frivolous. If the communications are voluminous, the Secretary will summarize them and furnish the summary to the Board.

Concerns about questionable accounting or auditing matters or possible violations of the Code of Business Conduct should be reported pursuant to the procedures outlined in the Code, which is available on the Company's website at <https://www.strlco.com/pages/board-governance>.

### **Review of These Guidelines**

The Corporate Governance and Nominating Committee annually reviews and evaluates the effectiveness of these guidelines through the Board and committee self-evaluations, as well as through other means, and recommends for adoption by the Board those changes that the members of the Committee believe are necessary, appropriate or advisable.

THESE GUIDELINES SHALL BE MADE AVAILABLE TO THE PUBLIC ON THE COMPANY'S WEBSITE AT

[WWW.STRLCO.COM](http://WWW.STRLCO.COM).

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