

STERLING CONSTRUCTION COMPANY, INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

May 5, 2021

I. Purpose

A. General.

The purpose of the Audit Committee (the “Committee”) is to oversee the accounting and financial reporting processes of Sterling Construction Company, Inc. (the “Company”) and the audits of the financial statements of the Company, and to assist the Board of Directors (the “Board”) of the Company in fulfilling the Board’s oversight responsibilities relating to: (1) the integrity of the Company’s financial statements, (2) the Company’s compliance with legal and regulatory requirements, (3) the qualifications, independence and performance of the Company’s independent registered public accounting firm (“independent auditor”), and (4) the design and implementation of the Company’s internal audit function and, once such function is established, the performance of such internal audit function. The Committee shall prepare the disclosure required by Regulation S-K Item 407(d)(3)(i) and any successor or similar requirement (audit committee report) for inclusion in the Company’s proxy statement.

B. Relationship to Other Groups.

1. *Allocation of Responsibilities.* The Committee’s primary roles are to oversee the financial reporting and disclosure process and to discharge such other functions as are assigned by law, the Company’s organizational documents, or the Board. To fill its obligations, the Committee relies on the Company’s management for the preparation of the Company’s financial statements and for the compliance of such financial statements with U.S. generally accepted accounting principles (“GAAP”) and the Securities and Exchange Commission (“SEC”) accounting requirements, for establishing and maintaining effective disclosure controls and procedures and internal controls, including internal control over financial reporting, and for ensuring the Company’s compliance with applicable laws and regulations. The Company’s independent auditor is responsible for auditing the Company’s financial statements, for reviewing the Company’s unaudited interim financial statements and for auditing the effectiveness of the Company’s internal control over financial reporting. The Company’s management is responsible for providing the Committee with ongoing assessments of the Company’s risk management processes and systems of internal control. The functions of the Committee are not intended to duplicate, certify or guaranty the activities of management, the Company’s independent auditor.

2. *Accountability of the Auditors.* The Committee has the ultimate authority and responsibility to select, evaluate the performance of, and, if necessary, replace the independent auditor. The independent auditor will be advised that they report directly to and are ultimately accountable to the Committee.

3. *Communication.* There will be open communication among management, the independent auditor, and the Committee. The Committee will make regular reports to the Board concerning the activities and recommendations of the Committee.

4. *Access to Company Records and Personnel.* The Committee shall have full access to all Company books, records, facilities, personnel and outside advisors. The Committee may request that any officer or employee of the Company, the Company's independent auditor [or the Company's internal auditor] attend a meeting of the Committee, or meet with any member of or consultants to the Committee, as the Committee deems necessary or appropriate.

II. Composition

The Committee will be comprised of three or more directors appointed by the Board. Each member of the Committee will meet the standards of independence or other qualifications required from time to time by the NASDAQ Stock Market ("NASDAQ"), Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the SEC, including Rule 10A-3 under the Exchange Act. No member of the Committee can have participated in the preparation of the Company's or any of its subsidiaries' financial statements at any time during the past three years.

Each member of the Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement, in accordance with NASDAQ corporate governance listing standards. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication, in accordance with NASDAQ corporate governance listing standards, and at least one member, in the judgment of the Board, shall be an "audit committee financial expert" in accordance with the rules and regulations of the SEC. A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication.

The Board will appoint a Chairperson of the Committee. The Board may appoint or remove any member of the Committee and fill any vacancies on the Committee.

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. Meetings of the Committee shall be governed pursuant to the By-Laws. The Committee shall meet separately, periodically, with management and the independent auditors.

The agenda for meetings will be prepared in consultation among the Committee Chairperson (with input from Committee members), management, the independent auditors, and

counsel. To foster open communications, the Committee may invite to its meetings other directors or representatives of management, the independent auditors, counsel or other persons whose pertinent advice or counsel is sought by the Committee, and the participation of such guests shall be governed by any guidelines or procedures that may be adopted from time to time by the Committee or the Board. The Committee will maintain written minutes of all its meetings and provide a copy of all such minutes to every member of the Board.

IV. Authority and Responsibilities

A. Activities and Powers Relating to the Audits of the Independent Auditor.

1. *Planning the Independent Auditor Audit.* In connection with its oversight functions, the Committee will monitor the planning of the independent auditor's audits of the Company's financial statements and audits of the Company's internal control over financial reporting, and shall also monitor the internal audit function planning and process, including taking the following actions:

a. select, retain and approve the compensation of the independent auditor, including selection and evaluation of the lead audit partner;

b. preapprove all audit services, audit-related services and other services permitted by law and Committee policy (including the fees and terms of such services) to be performed for the Company by the independent auditor, subject to the de minimis exception for services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee prior to the completion of the audit;

c. if the Committee deems appropriate, form and delegate authority to subcommittees consisting of one or more members, or delegate authority to the Chairperson of the Committee, including the authority to grant preapprovals of permitted services, provided that decisions of such subcommittees or the Chairperson to grant preapprovals will be presented to the full Committee at its next scheduled meeting;

d. discuss with the independent auditor the nature and amount of fees relating to services performed for the Company;

e. confirm with the independent auditor that its services do not impair the independence of the independent auditor under applicable professional standards and regulatory requirements;

f. oversee the rotation of the lead audit partner and concurring audit partner every five years as required in order to maintain the independence of the independent auditor;

g. discuss with the independent auditor the scope and comprehensiveness of their respective audit plans prior to their respective audits; and

h. discuss with the independent auditor the results of their processes to assess risk in the context of their respective audits.

2. Review of the Audit of the Independent Auditor. The Committee will review the results of the annual audits of the independent auditor with the independent auditor and will:

a. obtain and review timely reports by the independent auditor describing;

i. all critical accounting policies and practices used and all critical audit matters as provided in Auditing Standard 3101;

ii. all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;

iii. other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences;

iv. at least annually, the independent auditor's internal quality-control procedures;

v. at least annually, any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and

vi. at least annually, all relationships between the independent auditor and the Company. The Company will also discuss with the independent auditor the potential effects of those relationships on independence and obtain a written affirmation that the independent auditor is independent, as required by Public Company Accounting Oversight Board Rule 3526, *Communication with Audit Committees Concerning Independence*, as may be modified or supplemented from time to time;

b. meet to review and discuss the Company's audited financial statements, quarterly financial statements and related footnotes with the independent auditor and management, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";

c. based on the Committee's review of the audited financial statements, and communications from the independent auditors relating to the audit and the auditor's independence, determine whether to recommend to the Board that the audited financial statements be included in the Company's annual report on Form 10-K for the last fiscal year for filing with the SEC;

d. when applicable, review management's process for and report on its assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year and the independent auditor's report on the effectiveness of internal control over financial reporting;

e. review with management and the independent auditor the following:

i. the effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses;

ii. any significant changes in internal control over financial reporting; and

iii. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

f. review and discuss with management and the independent auditor, any guidelines and policies relating to risk assessment and risk management, and the steps management has taken to monitor and control the Company's major financial risk exposures;

g. review with the independent auditor any critical auditing matters or audit problems or difficulties and management's response, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management, and the Committee will resolve any disagreements between the independent auditors and management regarding financial reporting;

h. review with management and the independent auditor the accounting implications of significant new transactions;

i. review the extent to which the Company has implemented changes and improvements in financial and accounting practices or internal controls that the independent auditor previously recommended or the Committee previously approved, and any special audit steps taken in light of any control deficiencies noted;

j. review and discuss with the independent auditor (i) the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company and (ii) whether any member of the Committee has concerns regarding relationships or transactions with related parties and, if so, the substance of those concerns;

k. review and discuss with the independent auditor the independent auditor's evaluation of the Company's identification of, accounting for, and disclosure of, its relationships and transactions with related parties and other significant matters arising from the audit regarding the Company's relationships and transactions with related parties;

l. review with management and the independent auditor any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement, and any management or internal control letter issued or proposed to be issued by the independent auditor to the Company;

m. review with management and the independent auditor (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (ii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the listed company;

n. discuss with the independent auditor their views regarding the completeness and clarity of the Company's financial disclosures, the quality of the Company's accounting principles as applied, the underlying estimates and other significant judgments that management made in preparing the financial statements, the compatibility of the Company's principles and judgments with prevailing practices and standards and, to the extent permitted by their professional standards, their assessment of the overall degree of quality of the Company's reported financial results based on the results of their audits;

o. discuss with the independent auditor the nature and amount of all adjustments resulting from their audit, whether recorded by the Company or not, and discuss with management the reasons why any unrecorded adjustments were not included in results for the period; and

p. discuss with the independent auditor any other matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 1301, *Communications with Audit Committees*, and Auditing Standard No. 2410, *Related Parties*, that have not otherwise been discussed.

3. *Review of Internal Audit Activities.* The Committee shall consider and review with management and the internal auditor:

a. Significant findings during the course of each internal audit and management's responses thereto;

b. Any difficulties encountered in the course of the internal audit, including any restriction on the scope of the internal auditor's work or access to required information;

c. Any changes required in the planned scope of the audit plan;

d. The internal auditor's responsibilities, budget and staffing.

4. ***Post-Audit Review Activities.*** In connection with or following the completion of its review of the independent auditor’s audit , the Committee or its Chairperson may in their discretion meet with the independent auditor, or management to discuss any changes required in the audit plans for future periods and any other appropriate matters regarding the audit process.

5. ***Funding.*** The Committee will determine the appropriate funding to be provided by the Company for payment of:

- a. compensation to the independent auditor ;
- b. compensation to any independent legal, accounting or other consultants employed by the Committee as the Committee determines are necessary or appropriate to carry out its duties; and
- c. ordinary administrative expenses of the Committee that the Committee determines are necessary or appropriate in carrying out its duties.

B. Other Powers.

The Committee will also:

1. review and discuss with management the type and presentation of information to be included in earnings press releases (paying particular attention to any use of “pro forma,” or “adjusted” non-GAAP, information), as well as review any financial information and earnings guidance provided to analysts and rating agencies;

2. establish, oversee and periodically review procedures, including whistleblower or ethics line procedures, for (1) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

3. establish clear hiring policies for employees or former employees of the current or former independent auditor that meet SEC regulations and applicable stock exchange listing standards;

4. discuss with management the effectiveness of, and if necessary, recommend changes and improvements in, the Company’s , disclosure controls and procedures, and disclosure policy; review with management controls regarding key performance indicators disclosed by the Company; communicate recommended changes and improvements to management and the Board; and take appropriate steps to oversee that recommended changes and improvements are implemented;

5. review periodically the effectiveness of the Company’s information and technology security policies and the internal controls regarding information and technology security and cybersecurity;

6. review periodically the effectiveness of the Company's Ethics & Compliance program, including the adequacy of the Company's ethics line reporting process and compliance with the Company's Code of Business Conduct and consider and recommend to the Board any proposed changes that the Committee deems appropriate or advisable;

7. review periodically the effectiveness of the Company policy regarding related person transactions, as defined in Regulation S-K Item 404, and consider and recommend to the Board any proposed changes that the Committee deems appropriate or advisable;

8. review and evaluate related party transactions, and following the review, determine whether or not a particular relationship serves the best interest of the Company and its shareholders and whether the relationship should be continued or eliminated;

9. review periodically with the Company's legal counsel pending and threatened litigation, inquiries received from governmental agencies, or any other legal matters that may have a material impact on the Company's financial statements, internal controls, or corporate compliance procedures;

10. conduct or authorize investigations into any matters within the Committee's scope of responsibilities, as the Committee determines to be necessary or appropriate to enable it to carry out its duties;

11. retain and consult periodically with independent legal, accounting or other consultants as it determines necessary or appropriate to carry out its duties;

12. review summaries of the expense accounts of the Company's CEO;

13. undertake any special projects assigned by the Board;

14. issue any reports or perform any other duties required by (a) the Company's Certificate of Incorporation or By-Laws, (b) applicable law or (c) rules or regulations of the SEC, the NASDAQ, or any other self-regulatory organization having jurisdiction over the affairs of the Committee; and

15. consider and act upon any other matters concerning the financial affairs of the Company as the Committee, in its discretion, may determine to be advisable in connection with its oversight functions.

V. Evaluation of this Charter and the Committee's Performance

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

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

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