

2023

ENVIRONMENTAL, SOCIAL & GOVERNANCE DISCLOSURES

Transforming With Transparency



About This Report

This report provides to our stakeholders quantitative and qualitative disclosures covering Parsons’ environmental, social, and governance (ESG) factors. Our report is aligned to the Sustainability Accounting Standards Board ([SASB](#)) and Task Force on Climate-Related Financial Disclosures ([TCFD](#)) framework and is inspired by Global Reporting Initiative ([GRI](#)) standards. Additional details about Parsons and our ESG factors and programs can be found in the following resources:

- [Parsons’ ESG Web Page: Cultivating a Responsible Enterprise \(CARE\)](#)
- [2023 ESG Highlights](#)
- [Governance Documents](#)
- [2023 Proxy Statement](#)
- [Fiscal Year 2022 \(FY22\) 10-K](#)

Parsons releases an annual ESG report (formerly corporate sustainability report). Our 2023 report aligns with our fiscal year 2022 (FY22), covering the period of January 1, 2022, to December 31, 2022.

Scope 1 emissions for 2019 have been updated to reflect the collection of actual fuel card usage, replacing our previous estimation that 2019 fuel usage was equal to 2020 fuel usage. Total energy consumption for 2019 to 2021 has been updated to include mobile fuel consumption of diesel and gasoline by our fleet vehicles.

Workforce demographic data have been revised to reflect acquired companies that had been integrated into our data systems at the end of each calendar year (2109, 2020, 2021, and 2022). Hiring and turnover rates have also been recalculated (2020, 2021, and 2022) to provide a more complete and consistent disclosure from year to year.

We acquired Xator Corporation on [May 31, 2022](#). Data from Xator has been included in our disclosures where available. Due to the timing of full integration of Xator, not all disclosures include Xator, and exclusions have been noted in this report.

Parsons’ ESG disclosures underwent internal quality checks to verify the accuracy of quantitative and qualitative disclosures and are factual to the best of our knowledge. The report was reviewed by subject matter experts, Legal, and members of the Executive Leadership Team (ELT). No external verifications of this report have been completed, and it should be considered unaudited.

All inquiries for this report should be directed to Mark Van Andel, vice president, environmental, social, and governance (Mark.VanAndel@parsons.com).

DOCUMENT HISTORY

This report was initially released on April 21, 2023. We may provide updates to this report to meet evolving regulatory and stakeholder requirements for ESG disclosures.

Revision	Date	Description
1.0	April 21, 2023	Initial release
2.0	April 27, 2023	Corrections to tables 21, 26, 28, 29, 24, and 38. Updated notes for tables 20, 25, 30, 32, 35, 36, and 37.
3.0	August 24, 2023	Additional details on Parsons’ Code of Conduct and anti-corruption. Correction to table 41 volunteer hours in 2020. Table 45 Fatalities updated with employee contractor data split .

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Introduction

CEO Letter

At Parsons, we are committed to transforming tomorrow for the better through global infrastructure and national security solutions. Our environmental, social, and governance (ESG) strategy is central to that commitment, as part of our focus on delivering a world that is safer, healthier, more connected, and more secure. I am proud to share our 2023 ESG report with you, which documents how Parsons is accelerating ESG to achieve climate goals and make the world a better place.

Our dedication to Cultivating a Responsible Enterprise, or CARE, informs Parsons' corporate stewardship and powers our actions to improve sustainability and resilience; enhance a culture of inclusion across genders, sexual orientations, races, and ethnicities; and strengthen governance practices. Our approach to ESG stems from our core values of safety, sustainability, diversity, equality, integrity, and innovation—we apply each of these principles to everything we do, as a company inspired to deliver measurable value for our customers, shareholders, and communities.

In 2022, we established new targets for enhancing gender and ethnic/racial diversity and veteran hiring, supported by targeted outreach efforts as part of our recruitment process. We revised executive compensation policies, which tie a portion of our CEO's and other executive officers' annual bonuses to diversity. We also hired our first director of diversity, equity, and inclusion (DEI) and enhanced partnerships at the executive level and with our employee business resource groups (EBRGs) and DEI Council, focusing on our cultural competencies and intersectionality through actions that educate, elevate, and celebrate our diverse workforce. We committed to update our near- and long-term company-wide emission reductions in line with the Science Based Targets initiative (SBTi). We are proud that we completed 2022 with our lowest global total recordable incident rate in company recorded history, at 0.12, which is ongoing proof that we carry out our commitment to safety for all employees, including mental health and well-being and remote work safety.

Our dedication to ESG also informs how we are capitalizing on synergies from across our portfolio to create solutions that foster resilience, advance environmental stewardship and sustainability, and enhance the quality of life for communities across the globe. For example, by combining our expertise in technology and experience in global infrastructure, we are maximizing digital transformation and cyber resiliency. Similarly, we are improving digital equity by connecting underserved communities with broadband internet through our smart infrastructure projects. In 2022, we continued to examine decarbonization pathways for our own company operations and for the clients we serve. For instance, we provided design engineering for charging stations ahead of our first electric truck fleet and leveraged our EV and green infrastructure capabilities, partnering with key clients to introduce zero-emission buses (ZEB) into local communities to help provide service equity while improving quality of life by reducing greenhouse gases, nitrogen oxide, and noise decibels.

We have also continued to be recognized for our commitment to ethical business practices, including being honored by Ethisphere in March 2023 as one of the World's Most Ethical Companies for the 14th consecutive year.

Our ESG approach reflects our commitment to our core values, which empower our people to maintain the highest standards of performance while solving global challenges. I am proud of how we deliver on our shared mission, grounded in a collective commitment to CARE, and am pleased to share the positive results of our efforts here in our 2023 ESG report.

Carey Smith, Chair, President, and Chief Executive Officer, Parsons Corporation

About Parsons

[Parsons Corporation](#) (Parsons) is a publicly held company incorporated in the State of Delaware with shares traded on the New York Stock Exchange under the ticker [PSN](#). Our [FY22 Form 10-K](#) (10-K) Exhibit 21 contains a list of all subsidiaries of Parsons. Parsons' global headquarters are located at 5875 Trinity Parkway, Suite 300, Centreville, Virginia 20120, United States of America. A list of our office locations can be found on [our website](#).

Parsons is a leading provider of the integrated solutions and services required in today's complex security environment and a world of digital transformation. Under our vision to create the future of national security and infrastructure, we deliver innovative, technology-driven solutions to customers worldwide. We are uniquely positioned to leverage the depth of experience and expertise from across the company and the markets in which we operate to bring solutions to our customers' most challenging problems and critical needs—our *One Parsons* approach.

Our *One Parsons* approach brings together capabilities and innovations from across markets to provide integrated solutions for our customers. Organizationally, we operate in two reportable segments, Federal Solutions and Critical Infrastructure.

- Our Federal Solutions segment is an advanced technology provider to the US government, delivering timely, cost-effective solutions for mission-critical projects. We provide critical technologies, including cybersecurity, missile defense technical solutions, C5ISR, space launch and ground systems, space and weapon system resiliency, geospatial intelligence, signals intelligence, nuclear and chemical waste remediation, border security, critical infrastructure protection, counter-unmanned aerial systems, and biometrics and biosurveillance. The US government and its agencies represent substantially all the revenue of our Federal Solutions segment. These US government agencies include the United States Intelligence Community; the US Department of Defense, including military services and the Missile Defense Agency; the Department of Energy; the Department of State; the Department of Homeland Security; and the Federal Aviation Administration.
- Our Critical Infrastructure segment provides integrated design and engineering services for complex physical and digital infrastructure around the globe. We are a technology innovator focused on next-generation aviation; rail and transit; and bridges, roads, and highways as well as on leveraging sensors and data to drive smart, sustainable infrastructure. Our capabilities in environmental remediation, water and wastewater treatment systems, and urban development allow us to deliver value to our customers by employing advanced technologies that improve timelines and decrease costs while reducing environmental impacts and improving quality of life. We serve a diverse global customer base, including federal, state, municipal, and industry customers as well as private-sector infrastructure owners. Examples of our customers include the transportation authorities for the cities of Los Angeles, New York, and Paris and the state of New Jersey; AMTRAK; CSX; Metrolinx (Ontario, Canada); Riyadh Metro; Dubai Roads and Transportation Authority (Dubai RTA); and the Abu Dhabi Municipality.

MEMBERSHIPS

Parsons participates in various industry associations, membership associations, and advocacy organizations, including the following:

- AFCEA International
- Air Force Association (AFA) Corporate Membership
- American Association of Airport Executives (AAAE)
- American Council of Engineering Companies (ACEC National) and Multiple State Chapters
- American Road and Transportation Builders Association Membership (ARTBA)
- Association of Energy Engineers (AEE)
- Business Ambition for 1.5°C
- Canadian Aboriginal Minority Supplier Council (CAMSC)
- Capital Region Minority Supplier Development Council (CRMSDC)
- Construction Management Association of America (CMAA)
- Design-Build Institute of America (DBIA)
- Directed Energy Professional Society (DEPS)
- Economic Alliance Group (EAG)
- Global SOF Foundation
- HUBZone Contractors National Council
- Institute for Sustainable Infrastructure (ISI)
- Intelligence and National Security Alliance (INSA)

- Marine Corps Association
- National Association of Ordnance Contractors (NAOC)
- National Defense Industrial Association (NDIA)
- National Security Space Association (NSSA)
- National Veterans Small Business Coalition (NVSBC)
- Professional Women in Construction (PWC)
- Society of American Military Engineers (SAME)
- Space Force Association (SFA)
- US Green Building Council (USGBC)
- United Nations Global Compact
- WTS International

AWARDS

In 2022 Parsons was recognized for ESG activities and achievements via the following awards:

- Ethisphere – One of the World’s Most Ethical Companies for the 14th consecutive year
- Modern Military Association of America – Sponsored the Modern Military Association of America Military Spouse Scholarship and 2022 Donna Johnson Equality and Valor Award, honoring the life and legacy of a former Parsons employee killed in the line of duty
- Washington Business Journal Corporate Diversity Index (Large Companies)
- GI Jobs Military-Friendly Employer – 2023 Gold Top 10 (#3)
- Gold HIRE Vets Medallion Award
- Military Times – Best for Vets Employers, #26
- Employer Support of the Guard and Reserve (ESGR), Pro Patria Award
- Human Rights Campaign: Best Places to Work for LGBTQ+ Equality
- Washington Business Journal – Corporate Diversity Index
- STEM Workforce Diversity Magazine: Top 50 Employer
- Minority Engineer Magazine: Top 50 Employer
- ACEC New York, Diversity, Equity, Inclusion & Belonging Award: Community Impact 2023
- Forbes – World’s Best Employers (2022)

Environmental

Introduction

Our environmental strategy not only spans our corporate activities and disclosures but also informs our approach to client services. In 2022, having achieved our previous emissions reduction target, we are further evaluating decarbonization pathways for our corporate operations and looking forward to a long-term net-zero operational scenario. We also have enhanced resources and personnel focused on the delivery of resilient, environmentally sound and socially sustainable solutions. Additional information on our innovative project solutions can be found on [our website](#).

GHG Emissions

METHODOLOGY & BOUNDARY

Our Scope 1 and Scope 2 greenhouse gas (GHG) emissions calculations and methodology are consistent with the [GHG Protocol Accounting and Reporting Standard](#). Our Scope 3 emissions calculations and methodology are consistent with the [GHGp Corporate Value Chain \(Scope 3\) Standard](#). We calculate GHG emissions for corporate activities using the “operational control” organizational boundary as defined by the GHGp standard. GHG emissions are allocated based on whether Parsons is deemed to hold operating control of each office location. Operational control reporting was chosen to ensure the emissions of Parsons’ corporate (home) offices are included in Scope 1 and Scope 2, regardless of ownership or leasing criteria. Project offices, established to support a specific client, project, or program for a defined duration, are excluded from the operational boundary. Where we operate offices that are part of a larger commercial building, we consider the space occupied by Parsons as within operational control and allocate emissions accordingly. The activity data are either recorded directly from sub-meters or estimated based on the relative square footage of the Parsons office within the whole building.

Our calculation includes an accounting of the seven greenhouse gases covered by the Kyoto Protocol, i.e., carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃), the overall impact of which is expressed in terms of carbon dioxide equivalents (CO₂e).

The calculation methodologies are applied consistently across the base year (2019) and the subsequent reporting years (2020 to 2022) using emissions factors relevant for the time period. We define the “significant threshold” of structural change, which triggers a recalculation of past emissions, as 5% of group emissions (structural change includes outsourcing, divestment, acquisition, or mergers).

TARGETS

In 2021, we established a target of 20% reduction in absolute combined Scope 1 and 2 emissions by 2025 compared to a 2019 baseline. We developed this target to be in line with the 2°C scenario developed by the Paris Agreement. In 2022 we achieved a 10% reduction in Scope 1 emissions and 30% reduction in Scope 2 emissions for a combined reduction of 25% with respect to the baseline. Scope 1 reductions were achieved via reduced fuel usage by fleet vehicles and reduced natural gas usage related to our decrease in real estate footprint. Our Scope 2 reductions were achieved via our decrease in our real estate footprint and lower grid emissions factors, as more low-carbon electricity sources have been added to the grid over the past four years.

Table 1. Scope 1 & 2 Emissions Reductions (Metric Tonnes CO₂e Per Year)

Metric	2019 (Base Year)	2022	Change In Emissions
Scope 1	4,865	4,380	-10%
Scope 2 (Market Based)	12,240	9,984	-30%
Scope 1 & 2 Emissions	19,105	14,364	-25%

Having achieved our previous target, we have committed to set updated near- and long-term company-wide targets for GHG emissions reductions aligned with Science Based Targets initiative (SBTi) 1.5°C and net-zero scenarios through the Business Ambition for 1.5°C campaign.

SBTi, which leads Business Ambition for 1.5°C, is a collaboration between CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), the World Wide Fund for Nature, and the We Mean Business Coalition Commitments. Parsons is a member of the UN Global Compact. The Business Ambition for 1.5°C campaign is the largest group of companies committed to taking urgent climate action aligned with 1.5°C and net zero.

Our intent is to submit targets to SBTi for validation, including a 45% reduction for both Scope 1 and Scope 2. We will also submit a target for Scope 3 and net-zero GHG Emissions no later than 2045. These targets are absolute reductions from a 2021 baseline to 2031. Due to acquisitions completed in 2021 and 2022, we will calculate an updated 2021 baseline reflecting the activities of the integrated companies.

Parsons’ plan to achieve climate goals includes continued reduction of the company’s real estate footprint, low-carbon energy procurement, ongoing flexible work options for employees, and management of both business travel and the supply chain. The plan also includes improving the efficiency of Parsons’ fleet vehicles across the company and on projects, including introducing our first electric trucks in 2023.

SCOPE 1 (DIRECT)

Our Scope 1 emissions include stationary fuel consumption from the use of natural gas heating in our offices and mobile fuel consumption from the use of gasoline and diesel in our vehicle fleet. For 2022, data for natural gas use have been recorded for approximately 60% of total offices (by square footage). Missing data for the remaining 40% have been estimated based on natural gas use per square foot from reporting locations. At present, refrigerant emissions are omitted from the calculations due to lack of activity data. Mobile emissions are calculated using fuel type and volume purchased collected from the use of fleet vehicle fuel cards.

Table 2. Scope 1 Emissions (Metric Tonnes CO₂e Per Year)

Metric	2019 (Base Year)	2020	2021	2022
Scope 1	4,865*	4,163	4,230	4,380

* 2019 emissions have been updated to reflect collection of fuel card usage in 2019. Previous reporting estimated 2019 mobile emissions as equal to 2020.

In 2022, we saw a year-over-year increase in our mobile Scope 1 emissions as more employees have returned to work in field offices as we exit the COVID-19 pandemic. We have been able to achieve reductions in our Scope 1 stationary emissions since 2019 primarily through the rightsizing of our leased office space. The net result was a small year-over-year increase in our Scope 1 emissions.

To continue to reduce our Scope 1 emissions, we will improve the fuel efficiency of our fleet vehicles and further reduce our leased office space. Numerous challenges continue regarding the management of vehicle fleets. Greatest among those challenges is the continued supply chain disruptions causing delays to new vehicles and limited supply. Despite these challenges, we’ve succeeded in sustaining a safe and reliable fleet of vehicles to efficiently execute work. One strategy we employed was to reuse and move vehicles to the projects with the greatest needs. Our team continues to plan for the future, with the delivery of our first electric pickup trucks in 2023.

SCOPE 2 (INDIRECT)

Our Scope 2 emissions include the use of electricity in Parsons’ office locations. Parsons leases 100% of our real estate footprint and have limited control regarding the availability of raw usage data directly from the utility companies. We thus rely on data provided from property owners or managers and allocate a percentage of overall facility use based on square footage leased divided by total square footage. Data has been collected energy usage from approximately 60% of total

offices (by square footage). The electricity usage for the remaining offices was estimated based on electricity use per square foot from reporting locations (electricity intensity). We're working with property owners to collect activity data from additional office locations going forward.

Table 3. Scope 2 Emissions (Metric Tonnes CO₂e Per Year)

Metric	2019 (Base Year)	2020	2021	2022
Scope 2 (market based)	14,240	12,648	11,474	9,984
Scope 2 (location based)	14,457	12,845	11,661	10,289

Table 4. Purchased Electricity

Metric	2019 (Base Year)	2020	2021	2022
Electricity (non-renewable) (MWh)	41,164	36,804	32,009	28,896
Electricity (non-renewable) (%)	100%	100%	100%	100%
Electricity (renewable) (MWh)	0	0	0	0
Electricity (renewable) (%)	0%	0%	0%	0%
Electricity From Grid (%)	100%	100%	100%	100%

Table 5. Purchased Electricity Intensity

Metric	2019 (Base Year)	2020	2021	2022
Electricity (MWh)	41,164	36,804	32,009	28,896
Revenue (\$M US)	3,955	3,919	3,661	4,195
Revenue Intensity (MWh per \$M)	10.4	9.4	8.7	6.9

We have been able to achieve reductions in our Scope 2 emissions primarily through the rightsizing of our leased office space. Our objective is to examine all office facilities to ensure that each facility is properly sized to support business operations and to eliminate underutilized space. To that end, our corporate real estate and facilities team continuously analyzes upcoming critical junctions in the leasing timeline, office utilization, occupancy, capacity, revenue generation, and other key metrics to leverage all opportunities to drive portfolio optimization. Due to limited control over our electricity consumption, we will have to procure renewable energy certificates (RECs) and energy attribute certificates (EACs) to further reduce our emissions.

SCOPE 3 (OTHER INDIRECT)

Our Scope 3 emissions include the following GHG-emitting activities:

- Category 1: Products and Services – The embedded emissions from acquired office supplies for North America only. 2021 data is used for 2019–2021 due to limitations with prior year data.
- Category 2: Capital Goods – The embedded emissions from acquired long-lived electronic/information technology (IT) equipment. 2021 data is used for 2019–2021 due to limitations with prior year data.
- Category 3: Fuel and Energy – The upstream emissions related to the extraction, processing, and distribution of energy used for Scope 1 and Scope 2 activities related to our fleet of vehicles and offices.
- Category 5: Waste – The emissions released during the waste processing of used/consumable office supplies.
- Category 6: Business Travel – The emissions released from business-travel activities, including taxis, rental/personal vehicle use, air travel, and hotel stays.
- Category 7: Employee Commuting – The emissions released from employee commuting to offices or project sites. We completed an employee survey in 2019 that was also used for our 2020 and 2021 emissions estimates. In 2023 we completed a survey of employee commuting in 2022.

Table 6. Scope 3 Emissions (Metric Tonnes CO₂e Per Year)

Category	2019 (Base Year)	2020	2021	2022
1. Products & Services	224	224	224	196
2. Capital Goods	2,270	2,270	2,270	1,777
3. Fuel- & Energy-Related Activities (not included in Scope 1 or Scope 2)	5,114	4,549	4,023	3,714
5. Waste Generated In Operations	4	4	4	3
6. Business Travel	28,217	8,318	7,707	10,894
7. Employee Commuting	16,342	16,342	16,342	8,922
Total Scope 3 Emissions	52,171	31,708	30,571	25,505

GHG EMISSIONS INTENSITY

The following table summarizes the emissions intensity of our Scope 1 and 2 emissions.

Table 7. Scope 1 & 2 Emissions Intensity

Metric	2019 (Base Year)	2020	2021	2022
Scope 1 & 2 (market based) (metric tonnes CO ₂ e)	19,105	16,811	15,705	14,364
Scope 1 & 2 (location based) (metric tonnes CO ₂ e)	19,322	17,008	15,891	14,669
Revenue (\$M US)	3,955	3,919	3,661	4,195
Revenue Intensity (market based) (MT CO ₂ e per \$M)	4.83	4.29	4.29	3.42
Revenue Intensity (location based) (MT CO ₂ e per \$M)	4.89	4.34	4.34	3.50

Energy

ENERGY CONSUMPTION

The following table summarizes the energy consumption included in the Scope 1 and Scope 2 emissions associated with the use of gasoline and diesel for our vehicle fleet, natural gas for heating, and electricity for our offices. 100% of our electricity is delivered from the grid.

Table 8. Scope 1 & 2 Energy Consumption (MWh)

Metric	2019 (Base Year)	2020	2021	2022
Consumption Of Fuel (non-renewable) (stationary)	5,026	4,305	4,875	3,772
Consumption Of Fuel (non-renewable) (mobile)	16,340	13,987	13,852	15,313
Consumption Of Purchased Or Acquired Electricity (non-renewable)	41,164	36,804	32,009	28,896
Total Energy Consumption	62,530	55,096	50,736	47,981

ENERGY INTENSITY

The following table summarizes the energy intensity of operations.

Table 9. Operational Energy Intensity

Metric	2019 (Base Year)	2020	2021	2022
Total Energy Consumption (MWh)	62,530	55,096	50,736	47,981
Revenue (\$M US)	3,955	3,919	3,661	4,195
Energy Intensity (MWh per \$M US)	15.81	14.06	13.86	11.44

Water

Parsons' offices obtain water from municipal water supplies. Our water is not sub-metered in our offices and is typically included in lessor charges. Where consumption for an entire facility has been provided by the owner, we have allocated our usage based on the relative square footage of the Parsons office within the whole building. We have included all water charges provided by owners, including landscaping, but coverage is inconsistent across facilities. In 2022 we were able to obtain data covering approximately 52% of our leased footprint. Total water use for the entire footprint was calculated by extrapolating based on our total area of leased home-office spaces.

Table 10. Total Office Water Usage (Cubic Meters)

Water Source	2019* (estimated)	2020* (estimated)	2021 (estimated)	2022 (estimated)
Municipal Water Supplies	125,602	113,699	105,284	85,528

* Water usage data unavailable for 2019 and 2020, estimated using 2021 rates of consumption per SF leased real estate

Wastewater generated in our offices is discharged through municipal systems. Wastewater charges are typically included in lessor charges. Due to the limited availability of data, we are unable to provide estimations of the wastewater generated. Our wastewater discharge is assumed to be equal to our water usage.

Waste

Parsons leases 100% of our real estate footprint, and waste charges are typically included in total lessor charges, so data is unavailable. Due to our limited ability to collect waste data, our waste data has been calculated using employee badge scan data for our offices and an estimate of 2.45 pounds per person per day in the office (half of the EPA estimate of [4.9 pounds per person per day](#)). Our recycled paper estimate is provided by Iron Mountain, which recycles our securely shredded paper. In 2022, our North American operations diverted 118 metric tonnes of securely shredded paper, equivalent to preserving 3,117 trees.

The remaining waste is considered as unknown disposal, as we can't estimate the quantity recycled and sent to the landfill. While all our offices have programs to split recyclable items from landfill waste, we lack the ability to measure the landfill diversion rates for our office spaces.

Table 11. Total Office Waste (Metric Tonnes)

Waste	2020 (estimated)	2021 (estimated)	2022 (estimated)
Recycled Paper	141	167	118
Unknown Disposal/Landfill	414	277	468
Total Waste Disposed	555	444	586

Parsons’ offices do not generate hazardous waste in a material or measurable way. Efforts are made to responsibly dispose of, reuse, or recycle materials used in our offices, including batteries, cleaning supplies, and electronic equipment. When our electronic equipment reaches the end of its life cycle, it’s reused, donated, or recycled in a safe, secure, and socially responsible manner. In 2022, our North American operations recycled or repurposed notebooks, PCs, monitors, servers, and other electronics equal to 30 metric tonnes of e-waste diverted from landfills.

Table 12. Hazardous Waste Management (Metric Tonnes)

	2020	2021	2022
Hazardous Waste	N/A	N/A	N/A

Climate

CLIMATE GOVERNANCE

Board Oversight

Parsons’ highest governance body is our board of directors, which consisted of 11 members as of December 31, 2022. The company’s president and CEO is chair of the board, which also includes a lead independent director. The board has three committees: Audit and Risk (A&R); Compensation and Management Development; and Corporate Governance and Responsibility (CG&R). The CG&R Committee is responsible for overseeing ESG, including climate-related topics. The CG&R Committee oversees our overall climate-related strategy and risks, major plans of action (including setting objectives and/or targets), implementation and performance monitoring, and review of disclosures. The vice president, ESG, provides quarterly briefings to the CG&R Committee on a range of topics, including those that are climate related. We are committed to holding semi-annual climate-focused meetings to address GHG emissions (including progress toward goals) and climate-related strategy. The A&R Committee oversees our Enterprise Risk Management (ERM) Program, including climate-related risks. The A&R Committee reviews risk management procedures and risk factors affecting Parsons and is briefed quarterly by the senior vice president, chief security and risk officer.

Management’s Role

Our CEO leads the Executive Leadership Team (ELT), comprising senior executives representing all business units and corporate functions. Our CEO holds overall executive-level responsibility for ESG at Parsons, including climate-related issues, policies, risks, and opportunities. Primary responsibility for climate-related risk and opportunity identification and management is assigned to the vice president, ESG, reporting to the ELT through the chief business operations officer. Additionally, Parsons’ ESG Steering Committee comprises representatives from Operations, Finance, Human Resources, Communications, Legal, and all business units. The ELT holds Monthly Management Reviews (MMRs), with updates from all business units and corporate functions. ESG updates (including climate) are given monthly as a part of the Operations update; targeted climate-related updates are provided as needed to inform the ELT. Parsons sets annual targets for our six core values, including sustainability, with monthly updates on progress toward targets.

CLIMATE STRATEGY

Climate-Related Risks

In the fall of 2022, Parsons conducted climate-risk and opportunity workshops with senior business unit leadership representing a cross-section of the geographies and markets in which we operate. We conducted additional workshops with relevant corporate functions (e.g., Safety, Procurement, and Real Estate) to better understand the management of risks. For the purposes of climate-related risks and opportunities, we defined time horizons as shown in the following table:

Table 13. Climate-Related Risks & Opportunities Timelines

	From (years)	To (years)
Short-Term	0	3
Medium-Term	3	10
Long-Term	10	80

Below are the risk types considered during our climate-related risks assessments:

Table 14. Climate-Related Risk Types

Risk	Response
TRANSITIONAL RISKS	
CURRENT REGULATION	Parsons tracks regulatory updates across the geographies in which it operates to evaluate compliance, client/project impacts, and potential risks. We have seen actual and proposed climate-related regulatory actions and have considered the effects of compliance and potential impacts to our business. In 2022, the Securities and Exchange Commission (SEC) proposed rules to enhance and standardize climate-related disclosures for investors. As a United States-based company, we have undertaken preparations for the rules as proposed and continue to monitor the development of the final rules to ensure our compliance. We have also seen legislation to end the sales of internal combustion engine vehicles, which may increase demand for electric vehicle (EV) infrastructure. If the current limited availability of EV vehicles continues, we may be unable to procure EVs needed for our operations. At COP26 there were public and private commitments to act on climate change, which may have positive and negative impacts on our services. The passage of The Inflation Reduction Act of 2022 in the United States is estimated to create investments of US\$369B in energy security and climate change over the next 10 years, which may create risk if we fail to address changing client expectations, but also represents potential opportunities to expand existing services.
EMERGING REGULATION	Our business could see negative and/or positive impacts from potential future climate-related legislation. Regulation to report and reduce greenhouse gas (GHG) emissions may create opportunities to assist clients with calculations of emissions. Efforts to reduce GHG emissions from projects may increase project costs, causing clients to cancel, postpone, or reduce the volume of projects to meet budgets. Transportation project funding is heavily reliant on gas taxes for funding. Therefore, a transition to EVs without new funding sources could reduce budgets for transportation projects. We also see the potential for additional legislation to end the sales of internal combustion engine vehicles in a broader geographic area, which may increase demand for EV infrastructure. If the current limited availability of EV vehicles continues, we may be unable to procure EVs needed for our operations.
TECHNOLOGY	Technology is a standard risk in Parsons' ERM, including climate-related technology. With the pace of technology change, Parsons faces a risk of falling behind competitors or experiencing business impacts due to an unknown disruptive technology. There is also the risk that new technologies fail to deliver on expectations. For example, GHG emissions for the life cycle of a project could be higher than expected, based on predictive calculations for an emerging carbon capture technology. Furthermore, to deliver on potential future client demands for sustainable infrastructure, Parsons will be reliant on other companies to deliver solutions that depend on the supply chain for components such as sustainable materials, electric vehicles, or direct air capture for the removal of atmospheric carbon emissions.
LEGAL	Parsons monitors regulatory changes to ensure full compliance in the geographies in which we operate. We could face climate-related legal implications for our projects. For example, the corporation could face litigation if we fail to deliver climate-related contractual requirements. Our project risk evaluation process considers legal implications during the pursuit phase and monitors during the execution phase.
MARKET	Parsons' business could be impacted by climate-related market changes. An inability to hire, train, and retain talent to meet client needs could limit our ability to win future work. The energy transition may also create more opportunities to provide services in the markets of EV infrastructure, mass transit, fleet electrification and zero-emission vehicles, energy conservation, and renewable energy. We could also see increased demand for sustainable and low-carbon infrastructure solutions. Our clients' physical risks may create opportunities in resilience, mitigation, and adaptation due to changes in weather patterns, sea level rise, rising mean temperatures, and increased severity of weather events.

Risk	Response
REPUTATION	Expectations around ESG matters, including climate change, are rapidly evolving, with increased stakeholder scrutiny regarding transparency, target-setting, and performance reporting. Parsons risks reputational damage if we fail to adequately address these expectations with potential impacts, including loss of business, inability to attract and retain talent, and negative shareholder views.
PHYSICAL RISKS	
ACUTE PHYSICAL	Acute physical risks from the increased severity of weather events may affect our leased spaces and our staff. Parsons leases 100% of its facilities, and physical damage to buildings in which we operate would not be our responsibility but could cause impacts to operational continuity. Parsons can mitigate the risk of physical damage to assets within our leased facilities through insurance. Potential loss of functionality in any physical office location is mitigated by contingency planning and flexible/remote work for many employees. As safety is a core value for Parsons, we are committed to maintaining the health and safety of our employees in the face of changes to the climate over time. Increased severity and frequency of extreme weather events can impact our employees' ability to work, even remotely. This requires the corporation to balance the demand for local staff by certain clients with the potential safety and continuity benefits of relocation or consolidation of leased offices and remote work locations. Furthermore, employees working outdoors and on project sites may need to reduce working hours due to extreme heat and other weather events.
CHRONIC PHYSICAL	Chronic physical changes in precipitation, variability in weather patterns, and rising mean temperatures present risks to our leased spaces and our staff, like the acute physical risks discussed above. Rising temperatures in particular present a risk to the safety of our outdoor and on-site staff. Increased temperatures may change the prevalence and geographic distribution of diseases borne by vectors such as fleas, ticks, and mosquitos. We could also experience new or increased exposure to biological hazards that thrive in warmer environments. Air quality may be impacted by increases in ground-level ozone, air pollution, and wildfires. Extreme weather events may affect the mental health of our employees. While extreme cold weather incidents may be reduced, this is likely offset by an increase in heat-related incidents.

Climate-Related Opportunities

While climate change may present risks to Parsons, it may also present opportunities for the business. Investments in low-carbon materials, technologies, and energy sources provide opportunities to expand or add new services. While the physical impacts of climate change will have devastating social and environmental impacts, it may offer opportunities around resilience, mitigation, and adaptation.

Low Carbon & Energy Transition

Services we may be able to expand or add to support lower carbon products and the energy transition include the following:

- Fleet electrification
- Sustainable infrastructure
- Electric vehicle infrastructure
- GHG emissions calculation and reporting
- Mass transit
- Low-carbon energy generation
- Smart city technology
- Energy transmission
- Green buildings
- Mining for critical materials

Resilience, Mitigation & Adaptation

Services we may be able to expand or add to support resilience, mitigation, and adaptation to climate change include the following:

- Hardening of existing infrastructure
- Coastal protection
- Flood protection and mitigation
- Water resources
- Natural disaster management and recovery
- Asset management
- Climate risk and vulnerability assessments
- Resilience mitigation planning
- Green infrastructure/low-impact development

Scenario Analysis

To understand the resilience of our strategy, we considered two different scenarios aligned with Representative Concentration Pathway (RCP) 2.6 and RCP 7.0. The first was a “Paris Agreement” scenario (RCP 2.6), where the global average temperature increase is held between 1.5 and 2 °C. We also considered a “business as usual” scenario (RCP 7.0) aligned with a 4 °C temperature increase. In discussions during workshops, we agreed that the risks and opportunities in both scenarios were likely to be the same in many aspects, with the key difference being the level of impact on the business.

“Paris Agreement” Scenario

Under the “Paris Agreement” scenario, we expect that in addition to a lower level of temperature rise there will be a less significant increase in natural disaster frequency and severity due to the implementation of proactive mitigation measures. We also expect robust investment in the energy transition, increased adoption of electric vehicles (EVs), energy conservation, less water stress, increased adoption of GHG reporting, increased pricing of GHG emissions, and greater adoption of sustainable infrastructure and construction materials.

“Business As Usual” Scenario

Under the “business as usual” scenario, we expect a more significant increase in natural disaster frequency and severity, increased sea-level rise, and more extreme variations in temperature and precipitation over time. Resource scarcity, particularly water, could cause geopolitical instability, while famine could create climate refugees. We would expect increased spending compared to the “Paris Agreement” scenario, which would be required for recovery, mitigation, and adaptation to offset physical impacts and improve infrastructure resilience, but lower spend on the energy transition.

CLIMATE RISK MANAGEMENT

Risk & Opportunity Identification Process

In 2022, Parsons performed a detailed analysis of the risks and opportunities presented by climate change. Through surveys and discussions with the ELT, we determined governance of climate, a process for identifying risks and opportunities, and integration into our ERM. Climate-risk and opportunity is incorporated into our overall ERM process and managed by our ESG team. To identify risks and opportunities, the ESG team first performed an initial assessment of potential risks and opportunities as a starting point for further discussions. The ESG team then completed work sessions with senior leaders from our four business units, our Middle East geography, and relevant corporate functions. Preliminary meetings led by the ESG team introduced the TCFD framework, presented definitions of transition and physical risks, introduced the concept that client risks can be Parsons’ opportunities, and concluded with the identification of specific preliminary risks and opportunities. Participants were then asked to conduct research on their specific markets and geographies to further identify risks and opportunities in the realm of transitional and physical risk for the short-, medium-, and long-term time frames. Follow-up work sessions were held to share and discuss findings and discuss mitigation actions. The ESG team consolidated results from meetings and research for internal and external reporting. While we have not yet released financial estimates for climate risks and opportunities, we have considered the potential impacts on the business during our internal processes. For internal discussions, we define a “substantive” financial impact as one that is greater than or equal to 5% of Parsons’ revenue, either positive or negative.

Managing Climate-Related Risks

While we created a specialized process for the identification of climate-related risks and opportunities, as described above, the overall management of the identified risks still falls within our ERM processes and procedures. Parsons has identified risks to the corporation overall, which we assess annually and continually monitor. Our senior vice president, chief security and risk officer, reports to our chief technology officer, works with our chief legal officer for the purposes of reporting to the A&R Committee, and is responsible for the administration of our ERM. The A&R Committee provides board oversight. ERM helps develop and foster a risk-intelligent culture throughout the corporation and provides reasonable assurance that our strategy and business objectives will be achieved by encouraging proactive risk-

management practices that are integrated with strategy setting, operations planning, and performance management. This includes considering risk as part of strategy development. The ERM process also includes anticipating and addressing emerging risks and continuously improving governance processes and internal controls. Business units and corporate management convey their understanding and control of risks that could significantly impact the corporation through their risk assessments. The process encompasses the following components:

- Strategy – The plan to achieve our mission and vision is integral to the ERM process.
- Objectives – Strategic objectives and financial targets provide the proper context for evaluating and mitigating risks.
- Identification – Significant opportunities and threats to the objectives are identified.
- Assessment – Selected risks are periodically assessed, considering likelihood and potential impact.
- Monitoring – Risks and controls are regularly monitored.
- Communication – ERM activities are reported to the ELT, business management, and the A&R Committee.
- Response – Action plans are established as needed and tracked to address significant risks.

As a part of the annual risk assessment, risk owners develop the following:

- Current Comments – A brief narrative is provided, describing specific threats and opportunities; highlighting changes to the probability, impact, and overall risk rating; and discussing circumstances currently affecting the risk.
- Risk Level – The risk owner’s professional opinion of the level of risk against tolerance guidelines, considering both likelihood and impact. Risk levels are evaluated for both the inherent risk (prior to mitigation action) and residual (reflecting existing mitigation activities) states. Standard risk definitions, tolerance guidelines, and mitigation activities for each risk ensure that ratings are applied consistently across the company.
- Control Activities – The company’s primary controls to mitigate the inherent risk to the residual level.
- Action Plans – Brief description of actions planned to move the residual risk level closer to the optimal range. Action items are required for items outside of the company’s risk appetite (those rated high or low). Descriptions include the responsible party and estimated completion date.
- Impact Score – Residual risks are assigned an impact score of 1 to 5, respectively, for immaterial, low, moderate, significant, or very significant impact on the operation’s ability to meet strategic objectives and/or financial targets.

The senior vice president, chief security and risk officer, develops an annual ERM report that summarizes the ERM process, which is reviewed by the ELT and corporate risk advisory committee. An executive summary brief is prepared for the A&R Committee's July meeting, outlining the findings of the corporate ERM report. The executive summary focuses on the higher-level enterprise risks and current prevailing emerging risks. The detailed report itself is made available to members of the A&R Committee members upon request.

CLIMATE METRICS & TARGETS

In 2021, we set a target of 20% reduction in absolute Scope 1 and 2 emissions by 2025 compared to a 2019 baseline. We developed this target to be in line with the 2°C scenario developed by the Paris Agreement. Parsons publishes GHG emissions, energy usage, and leased space using the operational control method defined by the Greenhouse Gas Protocol. We also track and report Scope 3 emissions but, to date, have not established a reduction target. We set annual internal targets for reduction in our area (in square feet) of leased office space as a proxy for emissions reduction, as our Scope 1 and 2 GHG emissions are primarily tied to the square footage of leased space. Parsons is also currently evaluating methodology to calculate ESG-related revenue and climate-related revenue impacts. The tables below show reported absolute emissions, emissions intensity (normalized by revenue), and leased office area for the 2019 and 2022 reporting years. Additional details on the calculation boundary, Scope 3 categories included, methodology, estimates, and omissions can be found in the [GHG Emissions](#) discussion in the Environmental section of this document. We continuously strive to improve our calculations using evolving best practices and improvements in data collection.

Table 15. Absolute Emissions By Scope (Market Based) (Metric Tonnes CO₂e Per Year)

	2019 (Base Year)	2022
Scope 1	4,865	4,380
Scope 2	14,240	9,984
Scope 3	52,171	25,505
Total	71,276	39,868
Scope 1 & 2	19,105	14,364
Scope 1&2 % Change From 2019 Baseline	N/A	-25%

Table 16. Emissions Intensity (Market Based)

Metric	Unit	2019 (Base Year)	2022
Scope 1 & 2 Emissions	MTCO ₂ e	19,105	14,364
Revenue	Millions USD	3,955	4,195
Revenue Intensity	MTCO ₂ e Per Million USD	4.83	3.42

Table 17. Annual Leased Space

Metric	2019 (Base Year)	2022
Average Square Footage	2,339,810	1,951,772
Leased Area % Change From 2019 Baseline	N/A	-17%

Carbon Price

For the first time, in 2022, we set an internal price of carbon at \$51/metric ton, which is the social cost of carbon established by the United States government. We are applying a shadow price to be used in long-term business planning and investment. We are committed to continue evaluating how to best utilize carbon pricing to further our climate goals and drive employee best practices.

Sustainability

POLICY & PROCEDURES

Our corporate sustainability and climate change policy sets our vision for our sustainability core value and for our company. The policy contains a commitment to providing sustainable and resilient solutions for our customers and in our business operations as well as pledges to implement sustainable solutions in a manner that is consistent with project, company, and stakeholder objectives, using a value-based approach that considers the environmental, economic, social, and corporate governance aspects of sustainability. It also supports our internal culture of sustainability and continuous improvement through clearly defined governance pathways and decentralized responsibilities, providing references, tools, and resources, such as our Sustainability Handbook, which facilitates and captures sustainability in client services and corporate operations.

APPROACH

We use a proven process evaluate the most feasible and applicable sustainability strategies using a value-based approach that integrates environmental, sociocultural, and economic concepts to improve GHG emissions, health, the environment, resilience, economic development, innovation, partnerships, and equity. Our goal is to select the best-value sustainability strategies based on environmental impact as well as also other factors, such as life-cycle cost, operations

and maintenance benefits, value to internal and external stakeholders, and the ability to measure and communicate success transparently.

We have extensive experience integrating sustainability practices and goals into the project planning, design development, construction, and operations phases. Experience has shown that including sustainability and resilience considerations early in project development sets a consistent standard and language for evaluating life-cycle sustainability performance. It also encourages early collaboration and decision-making, which leads to the following benefits:

- Engagement between our clients, the project team, and relevant stakeholders to create a cohesive narrative regarding the environmental, social, and economic performance of the project
- Improved sense of accountability and transparency
- Enhancement to safety and quality-of-life benefits for affected communities and avoidance or mitigation of negative impacts to human and environmental health
- Reduced life-cycle costs of the project due to earlier implementation of sustainable elements into design
- Opportunity to set goals for and obtain recognition in the marketplace via third-party certifications and awards

SUSTAINABILITY SERVICES

Parsons offers consulting services that emphasize environmentally sound, sustainable, and resilient solutions for infrastructure, defense, security, and construction clients. Our service offerings include, but are not limited to, the following:

- Ecological restoration and preservation
- Electrification and ZEV initiatives
- Energy evaluations, modeling, and design (including renewables)
- Hazardous, toxic, and radioactive waste (HTRW) remediation
- Infrastructure risk assessments
- Life-cycle analysis (LCA)/greenhouse gas and carbon impact calculations
- Life-cycle cost analysis (LCCA)
- PFAS, sediment, and groundwater remediation
- Resilience assessment and mitigation planning (e.g., sea level rise analysis)
- Stormwater best management practices (BMPs) and low-impact development
- Sustainability program management
- Third-party certification administration (e.g., Envision®, INVEST, LEED®)
- Water storage, treatment, conveyance, and reuse

Social

Introduction

We believe that our growth and resilience—and that of the communities in which we live and work—rely on advancing equality in the workplace through a diverse community of innovators and an empowered workforce. We also aim to be the employer of choice for talent in every market we serve by fostering a positive culture for employee engagement; focusing on diversity, equity, and inclusion; emphasizing health and well-being for all employees; and encouraging career development at all levels of the organization. Our success is measured by positive social impact and business performance, by the enthusiasm of our employees, and by our commitment to our employees' growth.

Diversity & Inclusion

POLICIES & PROCEDURES

Diversity is a Parsons core value, and we pursue diversity, equity, and inclusion (DEI) in our workforce, our markets, our suppliers, and our services because we recognize that optimum solutions require perspectives from many different backgrounds. Embracing diversity, equity, and inclusion in every aspect of our business is a cornerstone of our DEI strategy, fundamental to our corporate culture and vital to our continued growth and success.

We cultivate a positive culture of employee engagement as we nurture the careers of our workforce at all levels of our organization. We are committed to honoring each employee's unique voice, empowering them to be their authentic selves at work. Our employees are our greatest asset, and in an open-minded, supportive, inclusive environment, they thrive, shaping the future of the corporation through collaboration and innovation as we strive to deliver a better world. We are fostering an environment where everyone feels welcome and is actively included to create a sense of belonging. Our corporate Diversity Policy reflects this commitment. Learn more on our [DEI webpage](#).

Policy On Non-Discrimination

We have a zero-tolerance policy against harassment and discrimination, including harassment based on race, color, creed, religion, national origin, ancestry, and ethnicity. Additional details can be found in the [Discrimination & Harassment](#) discussion in the Governance section of this document.

Whistleblower Program

Employees are encouraged to report instances of discrimination, including through our Ethics Helpline. Additional details on our Whistleblower Program can be found in the [Whistleblower Program](#) discussion in the Governance section of this document.

DEI PROGRAMS & INITIATIVES

We are on a journey of continuous cultural transformation. Through the lens of DEI, which encompasses social justice and racial and gender inequity, we are positioned to make real and meaningful progress in creating an enduring culture where everyone can not only succeed but have a true sense of belonging.

In 2022, with the appointment of our director, DEI, we became more strategic in this journey, with specific focus on embedding DEI in every aspect of our business. Our strategy supports greater leadership visibility and ownership of DEI commitments, transparency, accountability, and a unified and consistent vision for our DEI evolution. Our director, DEI, oversees and coordinates our DEI Council, employee business resource groups (EBRGs), and other DEI-related initiatives to ensure alignment with our overall mission and vision. We envision a DEI culture that looks beyond specific representation at the corporate table. Our DEI vision and initiatives invite every employee into the room.

We encourage and foster diverse backgrounds, new perspectives, and open minds. Our DEI Program develops initiatives and consistency of process to empower our employees to be their authentic selves at work and celebrate the qualities, beliefs, and experiences that make us unique.

DEI Council

Embracing DEI in all aspects of our business is fundamental to our corporate culture and vital to our continued growth and success. Our DEI journey began in 2017 with the establishment of the Diversity and Inclusion (DI) Task Force. Based on the recommendations of the DI Task Force, the DI Council was established in 2020. The DI Council consisted of a diverse cross section of employees in the organization, representing different markets, regions, disciplines, and levels. In 2021, the DI Council became the DEI Council in recognition of the importance of equity in our DI journey. The DEI Council drives the DEI strategy forward, providing leadership, educational programming and strategy, employee business resource groups (EBRGs), focused outreach, communications, mentoring, and metrics.

Employee Affinity Groups

Enhancing our commitment to DEI, our six EBRGs support and connect Parsons' Black and African American, Hispanic/Latino, and Asian and Pacific Islander employees, as well as women, veterans, and employees in the LGBTQ+ community.

- BELONG: Blacks Engaging, Leading, Organizing, Nurturing, and Growing
- HOLA: Hispanic Origin and Latin American Network
- Parsons PRIDE Alliance (LGBTQ+)
- PWR: Parsons Women's Roundtable
- SOAR: Society of Oceanic and Asian Regions
- MILVET: Military and Veteran Community

Educate, Elevate & Celebrate

In 2022, we increased DEI-related employment engagement, concentrating on education, elevation, and celebration through activities focusing on various cultural competencies and intersectionality, including the following:

- Educate:
 - SOAR webinar on myths about Asian Americans
 - Honoring Indigenous Populations – Listing of inappropriate language choices and behaviors relevant to these communities
 - Video presentations and TED Talks regarding disability and neurodiversity
 - Parsons' Pronouns Explained guide
 - Thoughtful Thursdays – a biweekly blog created by the DEI director to start discussions and engage with employees
- Elevate:
 - Day of Reflection – George Floyd and social justice
 - BELONG town hall on triple-negative breast cancer
 - World Mental Health Day
 - International Transgender Day of Visibility
 - Inaugural PWR Conference
 - Veterans Day montage honoring our veterans and military families
- Celebrate:
 - Celebration of the six EBRG heritage/history months and Juneteenth
 - Monthly Diversity Dispatch newsletter
 - Truth and Reconciliation (aka Orange Shirt Day) to recognize the damaging legacy of the Canadian Indian residential school system

DIVERSE WORKFORCE

Workforce Diversity Targets

As part of our CARE Program, we updated our commitments to workforce diversity in 2022 as follows:

- Enhancing gender diversity in our global workforce
- Enhancing racial/ethnic diversity in our US workforce

In 2022, the diversity targets noted above were also included in the metrics for determining short-term incentive (STI) compensation for Parsons' employees. Additional details can be found in the [Incentives for Non-Financial Metrics](#) discussion in the Governance section of this document.

Recruitment Process

We employ a best-in-class Talent Acquisition team focused on specific outreach and sourcing efforts, and our focus on diversity begins well before an employee is hired. Our varied yet targeted programs are designed to improve diversity in our applicant pools, and we expanded our outreach efforts in 2022, which resulted in 20.5% women hires worldwide and 38.4% racially and ethnically diverse hires in the United States.

We have a dedicated team for military and veteran outreach and recruitment. Our veteran-focused EBRG, MILVET, partners closely with the Military and Veteran Hiring team to participate in attracting veterans to Parsons, leveraging relationships with other internal employee groups, such as the Base Ambassador Group, the Women's Veteran Group, the Spouse Group, and the PRIDE Alliance EBRG, as well as outreach to external organizations, such as the Student Veterans of America chapters at Parsons-designated university partners, the military LGBTQ+ organization (Modern Military Association of America), and the Native American veteran issue-solving organization (Hesperus).

We also tap into the student pipeline by investing in university partnerships with Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs) and diverse national organizations focused on racial and ethnic diversity as well as by using the Parsons Internship Program, which offers both virtual and in-person experiences in alignment with our flexible work options. Last, but not least, our Internal Mobility team ensures our employees have an opportunity to grow within Parsons.

Supply Chain

Please see the [Supplier Diversity](#) discussion in the Governance section of this document.

Workforce Metrics

EMPLOYEES

Our total workforce headcount was 17,159 on December 31, 2022, which constitutes a 12% increase from 2021. This headcount data cover 99.2% of our total workforce at the end of 2022. Recent acquisitions Xator, BlackHorse, and Echo Ridge are included, but QRC and SGSS (which number 104 and 42 total employees, respectively) have not been fully integrated into our data systems. Detailed breakdowns by region, age, and employee type are provided below.

The vast majority of our staff (94%) are full-time employees, with the largest contingency in the Americas, followed by the Middle East, with a less than 0.5% of our employees in Asia, Europe, or elsewhere. After two years of minor decrease in overall headcount, we experienced 12% growth in our workforce in 2022. Our greatest increase occurred in the Middle East region (23%) followed by the Americas (8%). Employees between the ages of 30 and 50 have remained over half of our headcount with the proportion of employees under the age of 30 increasing slightly with a similar decrease in the over-50 category. Recent acquisitions Xator, BlackHorse, and Echo Ridge are included, but QRC and SGSS (which number 104 and 42 total employees, respectively) have not been fully integrated into our data systems.

Table 18. Total Workforce

Workforce	2019	2020	2021	2022
Total Employees (headcount)	15,787	15,411	15,290	17,159
Non-Integrated Acquisitions	0	0	0	146
% Of Total Headcount	100%	100%	100%	99.2%
Change From Previous Year	NA	-2.4%	-0.8%	12.1%

Table 19. Workforce Breakdown By Region

Region	2019	2020	2021	2022
Americas	69.5%	71.1%	70.6%	67.9%
Asia	0.1%	0.0%	0.0%	0.0%
Europe	0.4%	0.4%	0.3%	0.3%
Middle East	29.9%	28.5%	29.1%	31.8%
Other	0.1%	0.0%	0.0%	0.0%

Table 20. Workforce Breakdown By Age

Age Group	2019	2020	2021	2022*
<30 Years Old	12.9%	12.1%	10.9%	11.8%
30-50 Years Old	52.9%	52.8%	53.5%	54.1%
>50 Years Old	34.0%	35.1%	35.5%	34.0%

*2022 age breakdown accounts for 99.97% of disclosed workforce headcount. Employees whose birthdates were unavailable have been excluded.

Table 21. Workforce Breakdown By Employee Type

Employee Type Category*	2019	2020	2021	2022
Permanent	95.6%	95.4%	96.3%	96.6%
Temporary	0.6%	0.6%	0.6%	0.4%
Non-Guaranteed Hours	3.7%	4.0%	3.2%	3.0%
Full-Time	92.7%	92.5%	93.2%	94.0%
Part-Time	3.0%	3.0%	3.0%	2.6%

*Categories are not mutually exclusive. "Full-Time" and "Part-Time" employees are subsets of the "Permanent" category.

NON-EMPLOYEE WORKERS

Parsons workers who are not employees whose work is controlled by the organization fall into the following categories:

- Contractors
- Volunteers or interns

At the end of 2022, our workforce included 103 interns, who are included in the "Non-Guaranteed Hours" category in Table 19, above. Parsons typically employs interns from June through August, and in 2022 we employed 176 interns. We are improving the tracking and accuracy of contractor metrics and do not currently disclose this data. Non-employee worker breakdown by category and type of work performed is provided in Table 22.

Table 22. Non-Employee Worker Summary

Employee Type	2019	2020	2021	2022
Contractors	Not disclosed			
Interns				103*

*103 interns were active at the end of 2022. 176 were employed from June through August 2022.

GENDER

A summary of our company-wide gender breakdown as well as representation in management categories is provided below. In prior years' reports, our gender disclosures and targets were reported for North America. As of the end of 2022, we have shifted to reporting global gender breakdown.

While our North American gender diversity has improved year over year, we observed a minor, but not statistically significant decrease in gender diversity within our global workforce between 2021 and 2022, due in part to the integration of acquired companies mid-year. Between 2021 and 2022, we observed an increase in the representation of women in all management categories, the most notable being a 23% increase in women in top/executive management positions.

Table 23. Workforce Breakdown By Gender (Global)

Gender Category	2019	2020	2021	2022
Men	78.2%	78.0%	77.7%	77.4%
Women	21.4%	21.8%	22.2%	22.1%
Prefer Not To Disclose	0.2%	0.1%	0.1%	0.4%
No Response	0.2%	0.1%	0.0%	0.1%

Table 24. Gender Representation In Management

% Women	2019	2020	2021	2022
All Management Positions	16.7%	16.9%	17.1%	17.5%
Junior Management Positions	23.0%	21.4%	22.5%	23.9%
Top/Executive Management Positions	45.3%	42.6%	27.7%	34.0%
Management Positions In Revenue-Generating Functions	25.9%	35.7%	34.8%	37.4%

RACE & ETHNICITY

A summary of our US headcount breakdown by racial and ethnic self-identification as well as representation in management categories is provided in Table 23 and Table 26, below. Between 2021 and 2022, we observed an increase from 29.4% to 31.8% in overall racial/ethnic diversity and an increase in racial/ethnic diversity in all management positions from 24.9% to 26.7%.

Table 25. Workforce Breakdown By Racial & Ethnic Self-Identification (US Only)

Racial/Ethnic Group	2019	2020	2021	2022*
Asian	9.9%	10.0%	9.9%	9.4%
Black/African American	8.3%	8.4%	8.7%	9.7%
Hispanic Or Latinx	6.6%	7.3%	7.8%	9.3%
Indigenous Or Native	0.4%	0.4%	0.4%	0.4%
Native Hawaiian Or Pacific Islander	0.5%	0.5%	0.6%	0.6%
Two Or More Races	2.0%	2.0%	2.1%	2.3%
Total Diverse	27.6%	28.7%	29.4%	31.8%
White	70.0%	69.7%	69.4%	66.9%
Choose Not To Disclose	2.4%	1.6%	1.2%	1.2%

*2022 US workforce accounts for 60.5% of disclosed global headcount.

Table 26. Racial & Ethnic Representation In Management (US Only)

Management Category	Asian	Black/African American	Hispanic Or Latino	Indigenous Or Native	Native Hawaiian /Pacific Islander	Two Or More Races	White	I Choose Not To Disclose
All Management Positions (2021)	10.6%	5.2%	6.4%	0.4%	0.3%	1.5%	75.1%	0.5%
All Management Positions (2022) *	10.3%	6.3%	7.1%	0.4%	0.2%	1.6%	73.3%	0.8%
Junior Management Positions (2022)	6.6%	7.6%	5.8%	0.6%	0.4%	2.7%	75.4%	0.8%
Top/Executive Management Positions (2022)	6.7%	2.2%	6.7%	0.0%	1.1%	1.1%	82.0%	0.0%
Management Positions In Revenue-Generating Functions (2022)	6.4%	1.3%	10.3%	2.6%	1.3%	3.8%	73.1%	1.3%

*2022 US workforce accounts for 60.5% of disclosed global headcount.

FREEDOM OF ASSOCIATION

A summary of employees who are covered by collective bargaining agreement is provided in Table 27.

Table 27. Employees Covered By Collective Bargaining

Category	2019	2020	2021	2022
Covered Employees	307	336	313	249
% Covered Employees	1.94%	2.18%	2.0%	1.45%

Hiring & Turnover

EMPLOYEE HIRES

In 2022 we hired 3,975 new regular status (i.e., full-time and part-time) employees. In addition, we filled 574 positions with internal candidates. New hires broken down by region, age group, gender, race/ethnicity, and management level are provided below. Between 2021 and 2022, we observed a notable increase in racial/ethnic diversity in overall hiring rates (33.2% to 38.4%) and in management hires (26.8% to 35.4%).

Table 28. Hiring (Global)

	2020	2021	2022
New Hires	2,146	2,753	3,975
Positions Filled By Internal Candidates	132	461	594
Total	2,278	3,214	4,569

Table 29. Hiring By Region (Global)

Region	2020	2021	2022
Americas	62.8%	56.3%	48.5%
Asia	0.1%	0.0%	0.0%
Europe	0.4%	0.3%	0.1%
Middle East	36.7%	43.5%	51.4 %
Other	0.0%	0.0%	0.0%

Table 30. Hiring By Age Group (Global)

Age Group	2020	2021	2022*
<30 Years Old	21.5%	19.6%	21.2%
30–50 Years Old	56.4%	58.8%	59.7%
>50 Years Old	22.1%	21.7%	19.1%

*2022 age breakdown accounts for 99.7% of disclosed hires. New hires whose birthdates were unavailable have been excluded.

Table 31. Hiring By Gender (Global)

Gender Category	2020	2021	2022
Men	78.2%	79.7%	79.0%
Women	21.6%	20.2%	20.6%
Prefer Not To Disclose	0.1%	0.0%	0.2%
No Response	0.0%	0.0%	0.2%

Table 32. Hiring By Race/Ethnicity (US Only)

Racial/Ethnic Group	2020	2021	2022*
Asian	10.0%	9.6%	9.6%
Black/African American	12.0%	10.5%	12.6%
Hispanic Or Latinx	10.1%	9.1%	12.3%
Indigenous Or Native	0.5%	0.4%	0.7%
Native Hawaiian Or Pacific Islander	0.4%	0.5%	0.6%
Two Or More Races	2.9%	3.1%	2.5%
Total Diverse Hires	36.0%	33.2%	38.4%
White	61.2%	64.5%	59.1%
Choose Not To Disclose	2.8%	2.2%	2.5%

*2022 US hires account for 40.9% of disclosed global hiring.

Table 33. Managerial Hires By Race/Ethnicity (US Only)

Management Category	Asian	Black/ African American	Hispanic Or Latino	Indigeno us Or Native	Native Hawaiian /Pacific Islander	Two Or More Races	White	I Choose Not To Disclose
All Management Positions (2021)	10.2%	4.7%	6.8%	0.0%	0.0%	3.8%	73.2%	1.3%
All Management Positions (2022)	7.7%	9.3%	13.2%	1.0%	0.0%	1.6%	64.6%	2.6%
Junior Management Positions (2022)*	NA	NA	NA	NA	NA	NA	NA	NA
Top/Executive Management Positions (2022)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Management Positions In Revenue-Generating Functions (2022)	6.3%	3.1%	9.4%	3.1%	0.0%	3.1%	75.0%	0.0%

* Status of new hires at the junior management level is unknown, as direct reports are assigned after hire.

EMPLOYEE TURNOVER

In 2022, global turnover amounted to 3,253 employees, or a 19.0% turnover rate. At an enterprise level, involuntary turnover is a little under twice that of voluntary turnover. Turnover rates detailed by region, age group, and gender are provided in Table 34 to Table 37.

Table 34. Global Employee Turnover Rate

Turnover Category	2020	2021	2022
Retirement	0.7%	1.1%	0.9%
Voluntary (excl. retirement)	8.8%	12.1%	11.9%
Involuntary	8.1%	6.6%	6.1%
Total	17.6%	19.7%	19.0%

Table 35. Global Turnover Rate By Region

Region*	2020	2021	2022*
Americas	14.6%	17.6%	18.4%
Middle East	24.6%	24.8%	20.1%

*2022 regional turnover rates account for 99.5% of total turnover headcount. "Asia," "Europe," and "Other" categories have been excluded due to the low overall proportion of the workforce located in those areas.

Table 36. Global Turnover Rate By Age Group

Age Group	2020	2021	2022*
<30 Years Old	18.8%	29.1%	24.1%
30-50 Years Old	18.0%	19.4%	18.9%
>50 Years Old	16.5%	17.2%	17.1%

*2022 age group turnover rates account for 99.7% of total turnover headcount. Employees whose birthdates were unavailable have been excluded.

Table 37. Global Turnover Rate By Gender

Gender Category	Turnover Type	2020	2021	2022*
Men	Retirement	0.7%	1.1%	0.9%
	Voluntary (other)	8.6%	11.7%	11.6%
	Involuntary	8.8%	7.3%	6.6%
	Overall	18.2%	20.2%	19.1%
Women	Retirement	0.5%	1.0%	1.0%
	Voluntary (other)	9.1%	13.2%	13.1%
	Involuntary	5.5%	3.7%	4.5%
	Overall	15.1%	17.9%	18.6%

*2022 turnover rates by gender account for 99.7% of total turnover headcount. “Prefer not to Disclose” and “No Response” categories have been excluded.

Benefits

FULL-TIME EMPLOYEE BENEFITS

[Benefits](#) that are offered to full-time employees include medical, dental, vision, flexible spending accounts, commuter accounts, health savings accounts, basic term life insurance, optional life insurance, basic accidental death and dismemberment insurance (AD&D), voluntary AD&D, short-term disability, long-term disability insurance, critical illness, group accident, hospital indemnity insurance, legal plan, identity protection plan, pet insurance, auto and home insurance, 401(k) plan, employee stock ownership plan, and Employee Assistance Program. International employees receive medical, dental, vision, Employee Assistance Program, life insurance, long-term disability insurance, and evacuation coverage. No changes occurred to employee benefits in 2022.

NON-SALARY BENEFITS & WORK-LIFE BALANCE

We provide employee benefits driven by the desire to create a healthy and productive work environment for our employees. These programs are described in more detail below.

Workplace Flexibility

We reimagined the workplace and introduced flexible work options (FWOs) in 2020 in response to the COVID-19 pandemic, and those options are still available. FWOs are an evolution of our telecommuting (work-at-home) and alternative work schedule policies that empower employees and managers to design a preferred work arrangement that best suits the individual needs of the employee. FWOs are intended to enhance our employees’ work-life balance, foster a resilient workforce, and reduce the environmental impact of commuting.

Working Time Reduction

We offer part-time and contract/casual working options to employees. Part-time employees who work a minimum of 17.5 hours per week are eligible for the benefits listed above. Casual employees are eligible for the Employee Assistance Program.

Other Employee Support Programs

Dependent Care & Special Leave (US Only)

Dependent Care FSA allow employees to set aside money on a pre-tax basis to apply for eligible day care expenses. Employees can contribute up to \$5,000 annually as per IRS regulations. Parsons offers paid parental leave for up to 80 hours for the birth of a newborn or newly adopted child. Leave can be taken in hourly increments or all at once.

Wellness For Life Program (US Only)

Our US-based Wellness for Life program empowers our employees through tools to manage their health. Our program offers health-improvement resources, such as health screenings, education, personalized health coaching, and cash incentives for participation. We hold weekly wellness events to assist our employees and their families with the challenges of working from home, including the following:

- Meditation Monday
- Stretch and Flex Tuesday
- Wellness Wednesdays
- Virtual bingo and trivia games
- Healthy cooking classes
- Virtual paint parties
- Steps challenge

To encourage optimal participation in the Wellness for Life program, we offer financial incentives to employees who participate by discounting medical premiums and awarding a one-time cash bonus. Opportunities are also available to enter raffles when completing various other wellness activities. We also provide a nationwide discounted gym membership program that is available to all employees.

Employee Assistance Program (EAP)

In 2006, we established an Employee Assistance Program called Live and Work Well, which offers employees and their families personal counseling, family and caregiving guidance, safety and crisis-planning resources, self-improvement tools, life-learning opportunities, and chronic-conditions support. We've continued to offer this important program to show our commitment to providing our employees with tools, information, and services that help manage everyday challenges and that support wellness for life. Employees and their family members can each receive eight free counseling sessions. Initiatives launched in 2021 that have continued in 2022 include the following:

- Active & Fit – We partnered with Active & Fit to help employees achieve their wellness goals through discounted gym memberships at more than 11,000 fitness centers.
- Weight Watchers – We teamed with Weight Watchers to offer weight management memberships at a discounted price. Employees are eligible for reimbursement of their membership fee if the member loses 6 pounds in a three-month period.
- WebMD – This nationwide platform enables employees and their spouses/partners to participate in wellness activities. Participants can track wellness goals, monitor daily habits, and participate in wellness challenges. Employees who track their progress are rewarded in the form of monthly premium discounts and weekly cash-prize raffles. The system also contains articles and podcasts on sleep, mental health, stress, weight, and much more.
- Outschool – We partnered with Outschool, a service that supports working parents by offering a way to supplement a child's education or explore new topics in a small class setting that meets weekly in a live video chat forum. It offers fun, social, and safe interactive learning experiences led by teachers for kids from ages three to 18, and it provides a website with more than 100,000 interactive online courses for children.

Parsons supports employees with mental health management, via the EAP, which provides employees and their household members with free, confidential assistance to help with personal or professional issues that may arise. Services are available 24 hours a day, seven days a week via a toll-free number. Up to eight counseling sessions per occurrence per year are available with an EAP specialist at no cost to the employee.

OTHER INCENTIVES

Employee Stock Ownership

Parsons provides long-term incentives for employees, including stock ownership. Opportunities that Parsons offers employees include the following:

- The Parsons Employee Stock Ownership Plan (ESOP) is a retirement plan where eligible employees have an opportunity to own Parsons common stock. At the direction of the board, the company contributes up to 8% of

eligible compensation annually to individual ESOP accounts maintained for each participant to reflect their share of the ESOP's ownership. Approximately 64% of the benefits-eligible population is enrolled in the ESOP.

- The Parsons Employee Stock Purchase Plan (ESPP) provides an opportunity for eligible employees to own Parsons stock. By participating in the plan, eligible employees can purchase Parsons shares at a 5% discount from the closing price on the purchase date.

Distinguished Recognition & Incentive (DRIVE) Program

Parsons offers cash incentives through our DRIVE Program, which was launched in July of 2019 to recognize, reward, and encourage high-caliber work. As of December 2022, the DRIVE Program comprises nine distinct award levels, each with its own criteria, workflow, and rewards. The program is open to all part- and full-time employees around the globe, and awards can be distributed from a supervisor to a team or team member, from an individual contributor to a supervisor, and from peer to peer. That flexibility is what we're most proud of, as every employee can recognize someone else or be recognized themselves. Each award level has strong ties to our mission of delivering a better world.

The program not only includes monetary and non-monetary rewards for employees but also allows us to make contributions to charitable organizations to celebrate each of our True to the Core awardees. These organizations, which align with our Parsons Gives Back categories, rotate every six months, allowing us to positively impact the communities in which we work and live. With many of our employees dedicated to volunteering outside of work hours, this community support reinforces our commitment to the causes that are close to our employees' hearts. At Parsons, we also encourage informal avenues to recognize the contributions of our employees.

We create specially designed core value coins and CEO coins, similar to military challenge coins, for managers to employ as on-the-spot employee recognition. Additionally, social recognition through short personal messages and celebratory kudos on internal communications channels provides meaningful feedback and acknowledgment for a job well done.

We do not have a specific program for compensation for extra or atypical working hours, aside from required overtime in compliance with federal and state regulations or tied to specific contract provisions (for billable work).

Training & Development

TRAINING

In 2022, employees had access to a robust learning catalog of over 18,000 digital and virtual instructor-led professional development and compliance courses offered through our learning management system and LinkedIn Learning, our new learning content provider introduced in 2022. Parsons employees completed approximately 2,800 hours of coursework on diversity, equity, and inclusion (DEI) topics; 6,500 hours of coursework on ethics; over 9,000 hours of coursework on safety; and almost 9,500 hours of coursework on security. Approximately 25,000 hours of coursework on other topics were completed as well.

COVID-19 impacts continued to affect the ability to conduct in-person training in 2022; however, employees continued to take advantage of this flexible, virtual approach to training to sharpen and grow their skills. We recorded an average of 3.0 hours of training and development per employee, which is a slight increase from 2021, and a continued upward trend from 2020. These values represent training that is trackable in our Workday system but does not present the entire picture of learning and development across the corporation. In 2023, we will be working toward more comprehensive tracking and disclosure on this topic.

Table 38. Employee Training

Description	2019	2020	2021	2022
Total Training/Development (hours)	38,359	47,792	41,154	51,390
Average Training/Employee (hrs./employee)	2.4	3.1	2.7	3.0

Degree Programs/Certifications

Parsons offers a Tuition Reimbursement Program to North American employees, providing reimbursement for the completion of job-related college courses at an accredited or recognized school, college, or university. In 2022, Parsons invested almost \$615,000 in our employees' education: 183 employees received reimbursement under the program and completed 440 courses related to their careers.

Technical Webinar Series

Parsons offers technical webinars focused on emerging issues, innovation, and the intelligent application of advanced technologies presented by our industry-leading subject matter experts.

MANAGERIAL & LEADERSHIP DEVELOPMENT

Parsons offers the following programs for upgrading and improving employee skills.

Mentor Program

Parsons' Mentor Program continued to thrive, with a pool of over 500 mentors available to offer support and guidance to employees on a variety of topics, including technical skills, leadership development, and career paths. The number of employees receiving mentorship grew from 340 in 2021 to 512 in 2022, and the number of executives participating as active mentors also grew, from 96 in 2021 to 133 in 2022.

Strategic Leadership Program

In 2022, our Strategic Leadership Program (SLP) replaced the former Parsons Leadership Council (LC), which had been a key part of Parsons' leadership development efforts since 1999. The overall mission of the SLP is to bring new and different perspectives to corporate operations and strategic planning efforts, to communicate how the corporation works across the organization, and to provide leadership experience and development opportunities for high-potential employees. Participants complete the "Implementing Winning Strategies" executive education program through the Columbia Business School, and skills gained through that program are then employed for the second half of the curriculum, which is focused on solving an enterprise-wide business challenge. The program empowers participants to think systematically about strategy, then understand the roles and responsibilities for creating aligned strategies, and finally cascade those strategies through an organization. They worked on Parsons-themed assignments and received pertinent, direct feedback from the faculty.

In aggregate, via the LC and the SLP, more than 100 topics have been researched and over 200 employees have participated, many of whom have gone on to executive and senior management roles within the corporation. The program delivers significant benefits to the corporation, including creating increased networking opportunities across the business that facilitate knowledge-sharing and providing a platform for funneling information from across the organization up to executive leaders. In addition, the program provides opportunities for executive leaders to evaluate and further develop employee talent, ensuring Parsons has viable successors for future executive leadership roles across the corporation.

Career Paths

Our Technical Career Path demonstrates two distinct career progressions for technical employees across our organization: one that follows a management path and another that can be followed as an individual contributor. The Technical Career Path, along with an integrated competency model and Workday tools such as the Opportunity Graph, are resources designed to aid an employee in determining their next opportunity. In collaboration with initiatives such as the Guild, which is our technical community that supports the skill development of technical employees in our Defense and Intelligence business unit, the Technical Career Path provides a backbone for the growth of technical talent at Parsons.

Lead & Engage Leadership Development Program

In 2022 we also initiated Parsons' Lead & Engage Program, which is a leadership development program aimed at new and new-to-Parsons people managers, as well as at managers who are just looking to build on their skills. The program targets critical manager behaviors in the areas of work environment, communication, hiring, and performance and development. The program consists of a live, virtual Effective Management Workshop focused on supporting employee growth and development, combined with a curriculum of e-learning content in areas such as motivation; psychological safety; conflict resolution; diversity, equity, and inclusion; and communication. In 2022, Parsons ran nine cohorts (165 participants) across the company. Managers who have completed the program have found it to be impactful and have been able to deploy lessons learned immediately.

TALENT PIPELINE

Talent Development Strategy

We're committed to enhancing our position as a leading employer in our industry. Our culture and reputation as a leading provider of technology-driven solutions in the national security and critical infrastructure markets enables us to recruit and retain some of the best available talent across the globe. We believe that we're stronger and smarter when we work together. We believe in doing right by the communities we serve. And we believe Parsons is the place where employees make a difference. We employ a best-in-class Talent Acquisition team focused on specific outreach and sourcing efforts, and our focus on diversity starts well before someone is employed by us. Our varied yet targeted programs are designed to enhance our applicant pools.

Early Talent Program

We are committed to assisting our young professionals as they imagine what's next for themselves and elevate their careers. Parsons' Intern Program provides a valuable experience that is personal, educational, and intentional. The focus is to provide meaningful work experience that allows students to obtain a true sense of the workplace and contribute. To do this, we have dedicated partnerships with core universities, including HBCUs, where the company is focused on growing the relationships with faculty and students. We integrate mentorships, career development webinars, and networking opportunities throughout the summer as well as for those individuals who remain in part-time and co-op situations. Many of our interns return year after year during their college and post-college education, and we strive to convert our students into full-time employees upon graduation. Additional details regarding our Early Talent Program can be found [on our website](#).

PERFORMANCE APPRAISAL

In 2022, the percentage of the workforce who received regular performance and career development reviews is shown in Table 37, broken down by gender, for a total of 81% of eligible employees receiving a review during the reporting period.

Table 39. Employee Performance Reviews

Employee Category	Eligible Employees*	Quantity	% Completed Reviews
Men	10,053	8,022	80%
Women	2,875	2,500	87%
Prefer Not To Disclose	17	12	71%
No response	10	0	0%
Total	12,945	10,534	81%

* Eligible employees were regular full- and part-time employees hired on or before September 1, 2022. Employees on leave as of the review launch date, union/craft workers, operatives, laborers, helpers, and service workers, PFCU employees, and employees of non-integrated companies are also excluded.

Parsons uses a management-by-objectives performance appraisal method for performance-related compensation decision-making, which entails the use of agreed upon measurable targets by line superior. Our year-round one-on-one

(1:1) conversation model encourages managers and employees to have regular, meaningful conversations to enable Parsons' employees to reach their full potential while achieving Parsons' goals and objectives. Annual performance goals are set at the beginning of each calendar year to align with high-level organizational objectives as well as leader and individual goals.

Employees and managers strive to complete those goals throughout the year, with the encouragement of at least two (mid-year and end-of-year) performance reviews. 1:1 conversations drive performance, foster engagement, ensure organizational alignment, and manage career development. Resources are given to managers and employees to aid them in having conversations in each of these four focus areas throughout the year.

A formal process for talent reviews, which leads to succession plans, is also conducted quarterly at the level of the ELT and their direct reports. Talent leaders work with other leaders within the organizations they support who request succession planning for their leadership as needed.

Employee Engagement

APPROACH

Since 2019 we have engaged employees through an annual pulse survey, which helps us identify areas where our culture is evolving and identify key strategic areas where we need to continue to focus our energies to improve employee engagement and the employee experience. This data is critical in guiding our cultural journey to become a more dynamic, entrepreneurial, and creative place to work. We drive and encourage employee participation by engaging our senior leadership and talent leaders in the process to help ensure employees understand that their voice matters and that Parsons takes action on results.

OUTCOMES

In 2022, we saw some of our highest participation rates among our business groups and functions in years, with an overall response of 48% of eligible employees, which is a 17% improvement over the previous year's participation. Our employee satisfaction statement trended slightly more positive than last year as well. The following are key topics and concerns:

- Satisfaction with the strong, performance-driven, team-based culture in the organization
- Desire from employees for more growth and development support as well as improvements to their compensation and benefits

We use the survey results to drive action planning through the organization and to coordinate and align broader employee initiatives.

Table 40. Employee Engagement

Employee Engagement Survey	2020	2021	2022
Total Eligible Employees*	15,040	14,422	14,708
Employee Satisfaction** (%)	69%	73%	74%
Total Survey Participants (%)	46%	41%	48%

* Eligible employees were regular full- and part-time employees hired on or before July 11, 2022.

** Satisfaction is defined as employees who responded "Positive" to the statement "I am satisfied with my overall employee experience."

Community Investment

INTRODUCTION

Parsons is an active and engaged participant in the communities in which we do business and where our employees work and live. Through financial contributions and volunteerism, our [Parsons Gives Back](#) program supports charities, programs, events, and agencies that share our core values, with the objective of reinforcing efforts to create a more just and equitable society.

Long-term community involvement programs we have in place include sponsoring the annual Tragedy Assistance Program for Survivors (TAPS) golf tournament; participation in an annual scholarship program with \$130,500 awarded in 2022, featuring web page build events for non-profit organizations via 48 in 48; employer-match donations to charities of choice for PARPAC participants; a scholarship program in conjunction with the Modern Military Association of America; an end-of-year holiday donation to non-profit (Girls Who Code in 2022); Volunteer of the Year philanthropic giving; and more. We monitor and evaluate the impacts of our community projects by collecting stakeholder feedback and improving our year-over-year contributions. In 2022, our employees self-reported 19,925 hours of volunteer time, a 52% increase over 2021.

Table 41. Employee Volunteerism

Employee Self-Reported Volunteerism	2019	2020	2021	2022
Hours	18,592	12,991	13,122	19,925

CORPORATE CITIZENSHIP STRATEGY

Our philanthropic program consists of volunteer activities, in-kind donations, and charitable contributions that align with our corporate mission of driving recruitment and improving employee retention; promoting social equity in the communities in which we live and work; supporting diverse, underserved communities; and living out our core values of integrity, quality, diversity, safety, innovation, and sustainability. This strategy aligns with our overall corporate strategy of delivering a better world and imagining next as we seek to create more sustainable, scalable communities. We align our voluntary and charitable priorities with the following three main focus areas:

- Military/Veteran – Applies to any volunteer work with agencies that directly help military veterans, active service members, or their families.
- Education/STEM – Applies to all educational or STEM work, which includes diversity and HBCU-related hours, mentoring, and education support (talent-pool-building type activities).
- Vibrant Communities – Related to improving climate action, providing good health and well-being, and achieving zero hunger. Examples include sustainability/environmental cleanup, community impact, and access to vital services (health, food, education).

These priorities align with the United Nations Sustainable Development Goals (SDGs) and our business drivers, as shown in Table 40. We also measure performance through the key performance indicators (KPIs) shown in the table below.

Table 42. Philanthropic Priorities

Philanthropic Priority	Related SDGs	Related Business Drivers	KPI
Military/Veteran	Good Health & Well-Being Quality Education Gender Equality Decent Work & Economic Growth Reduced Inequality	Recruitment/Retention Diversity Social Equity	Job Creation: We are proud of the partnerships we have in supporting military transition programs, both through SkillBridge as noted earlier and through active recruiting programs in military forums. We are committed to honoring the service of our military members and to providing them quality opportunities as part of the Parsons organization.

Philanthropic Priority	Related SDGs	Related Business Drivers	KPI
STEM/Educational	Quality Education Gender Equality Decent Work & Economic Growth Reduced Inequality	Diversity Social Equity Recruitment/Retention	<p>Recruiting and Cultivating a Diverse Talent Pool: We actively monitor recruiting and retention, especially in highly technical career fields where STEM talent is at a premium. Our investments in STEM programming enhance our brand in recruiting and cement our foundation of retention as an innovative corporation with current employees.</p> <p>Community Impact, Outreach, and Engagement: Parsons is dedicated to the Ace Mentorship Program and other STEM programs worldwide to grow available talent pools and provide opportunities, access, and exposure to new, quality careers. Parsons has also awarded scholarships through various STEM-focused career programs.</p>
Vibrant Communities	All	Delivering A Better World Serving Underserved Communities Urban Development And Sustainable, Scalable Communities	<p>Recruiting, Social Responsibility: We recognize the importance of brand affinity as part of our current and future business opportunities in the communities where we invest. Equally, having a strong brand in the community promotes recruiting (a priority for our company) and retention by investing in our locales.</p> <p>Improved Quality of Life and Advancement of Vibrant Communities Worldwide: In addition, Parsons has received awards and recognitions as an employer of choice for veterans, LGBTQ+ community support, and other recognitions for diversity advancement.</p>

Occupational Health & Safety (OHS)

Safety is a Parsons core value. Our world-class approach to safety, health, and the environment (SH&E) makes it imperative that all employees and stakeholders actively engage in, and take responsibility for, SH&E matters. Our SH&E policy is supported by industry best practices, which are highlighted in our Environmental, Safety, Health, and Risk Program (ESHARP). ESHARP is continuously evolving to improve user experience and promote a more interactive process for employees. Our knowledge-share portal remains a key source to communicate relevant information and make it accessible to all employees. We continue to engage our employees in robust training and awareness activities that include important topics, such as mental health and well-being, distracted driving, roadway worker protection, remote work safety, and seasonal safety. We completed 2022 with our lowest global total recordable incident rate (TRIR) in the company’s recorded history, at 0.12 (recordable work-related injuries per 200,000 hours). Additional details regarding our SH&E policy and practices can be found [on our website](#).

POLICY & MANAGEMENT SYSTEMS

Our occupational health and safety management system, ESHARP, is aligned with the requirements of American National Standards Institute (ANSI) Z10, ISO 45001 for occupational health and safety management systems, and ISO 14001 for environmental management of work activities. It is fully implemented and covers all workers (including contractors), workplaces, and activities. ESHARP provides the minimum standards for managing SH&E hazards and risks associated with our activities and operations, providing the strategies and tools to continue pursuing SH&E performance excellence, leading to improved quality of life for our employees, contractors, customers, and communities. ESHARP encapsulates the scope and operation of our management system while reflecting the nature and scale of the risks we face. Using ESHARP, we implement, maintain, and continually improve our management system to conform to legal requirements and to the national and international standards to which we subscribe. ESHARP is prominently posted on our internal

Corporate Policy landing page and is provided to the companies with which we work as a reference document for the following topics:

- Learning and understanding our SH&E systems
- Planning for SH&E requirements
- Controlling hazards and managing risk
- Activity planning
- Conducting SH&E audits
- Investigating and reporting incidents
- Increasing safety awareness for existing staff
- Setting competence
- Reviewing and improving SH&E systems

We are committed to and guided by the following tenets:

- SH&E stewardship is a responsibility shared by all.
- Executive management leads our SH&E processes and strives to continually improve our management systems.
- SH&E performance is a key business driver.
- Employees are provided with the expectation, resources, and knowledge to ensure they achieve high levels of SH&E performance in business operations and project work.
- Employees and stakeholders are authorized and expected to stop work when hazardous conditions warrant it.
- Our SH&E efforts extend beyond our workplaces to include travel, our homes, and our communities.

Responsibility for the success of our SH&E system rests on our leaders, who are not only engaged in the development and continuous improvement of our SH&E programs and processes but also enthusiastic sponsors who ensure that SH&E is integrated into everything we do. This enthusiasm is a true reflection of a company culture that values the well-being of people and the environment.

We do not primarily focus our program on historic performance; we measure and value leading indicators, such as the number and quality of safety observations and audits completed, near-misses and lessons learned documented, and the number and quality of leadership safety engagements.

Health and safety procedures are written in the English language and cover all employees. Contractors are required to translate written and spoken health and safety communications as applicable for their workforce.

SH&E SYSTEM CERTIFICATION

In 2022, our offices and projects in the United Arab Emirates and Qatar completed a series of audits from British Standards Institute (BSI) and obtained a renewal of our certifications for ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System. In addition, we expanded ISO 14001 and ISO 45001 certification to the United Kingdom. These certified SH&E management systems cover approximately 30% of our employees.

HAZARD IDENTIFICATION, RISK ASSESSMENT & INCIDENT INVESTIGATION PROCESSES

Hazard & Risk Identification

Processes used to identify work-related hazards and assess risks include regular worksite SH&E inspections, project self-assessments, and programmatic audits. These activities serve as the cornerstone of our hazard-identification, risk-assessment, and exposure control methods. Using these process tools helps us evaluate compliance with our SH&E policies, procedures, and expectations. Projects establish formal inspection, self-assessment, and audit protocol in accordance with our ESHARP management system. This protocol, which also applies to areas controlled by our contractors and their lower-tier contractors, includes the following:

- A Project Safety, Health, and Environmental Plan (PSHEP) to establish and implement effective and compliant worksite inspection, self-assessment, inspection requirements, and audit protocols, using a risk register and the associated compliance programs and best practices

- Audits (at least semi-annual) to validate that our management system, as defined by the PSHEP, is operating as intended
- Routine inspections (at least weekly) to search for the symptoms of any management system deficiencies
- Investigation and corrective action to address management system deficiencies (root causes) associated with the findings through tracked corrective actions

Participants in the audits and assessments typically include the following:

- Site-specific and corporate SH&E professionals experienced in auditing
- Third-party independent internal and external auditors who report directly to our board of directors
- The project manager (PM) or, if the PM is not resident on the project, the most senior worksite leader
- The SH&E project representative or the director of SH&E (or delegate)

During field execution, a fundamental risk-assessment method used on our projects is the Activity Hazard Analysis (AHA), which provides a broad overview of the actions associated with an activity, the associated hazards, and the steps taken to mitigate those hazards. Although not all SH&E risks can be assessed and controlled using an AHA, the AHA is the most common type of field-risk assessment method we use. Its linear, flexible structure is ideal for understanding the SH&E risks of most work activities and the associated risk control strategies. Employees are trained to complete AHAs as a primary risk-assessment tool and instructed to the AHAs applicable to their work. AHAs and other risk assessments must be reviewed annually (with the annual PSHEP review) and updated, if necessary.

Risks are comprehensively analyzed for severity and probability. As such, our risk evaluation uses metrics such as risk severity, probability, and risk assessment code (RAC) to identify and categorize risk. RAC is determined by combining severity with likelihood in a risk matrix. After RAC is determined, the risk is scored (i.e., extreme, high, moderate, low) and recorded in the risk register. The higher the risk, the more efforts are needed to reduce the risk. We expect the risk of our activities to be reduced to as low as reasonably possible. This final determination of RAC helps to ensure that these expectations are met. Risks are controlled based on their respective RAC using one or more of the high-level risk control strategies of Avoid, Transfer, Reduce, and/or Accept.

Worker Reporting

Employees can report work-related hazards and hazardous situations directly to their supervisor, SH&E representative, or a member of the SH&E committee. In addition, employees report proactive events into our online reporting systems (e.g., IndustrySafe, Salesforce). Reported proactive events are reviewed and monitored for correction.

We have a strict policy against retaliation toward any employee making a good faith report of a hazard or hazardous situation. Appropriate action is taken to discipline any supervisor or other employee who initiates, condones, or participates in any act of retaliation.

Process For Workers To Remove Themselves From Unsafe Situations

Each employee and contracted person is a critical leader for preventing injuries, illnesses, and adverse environmental impacts. Therefore, each employee is authorized to stop work immediately if a safety, health, or environmental concern exists or if the work is not going according to plan. Once work is stopped, each employee is expected to communicate the work stoppage to the other affected stakeholders and further evaluate the condition and adjust the work plan to resolve the safety, health, or environmental concern before restarting the work. This process is called STOP.

- Stop the task you are doing or intervene with a co-worker if appropriate.
- Take immediate measures to notify any others affected. If there is no imminent danger, notify the appropriate line supervisors and site leaders. This is also a good time to make any other pertinent notifications, such as to the client or building management.
- Offer correction or get help if needed. Keep it positive. Affected parties shall discuss and gain agreement on the resolution of the stop-work issue. The initiator of the stop-work event shall be thanked for their concern.
- Prepare to resume once the concern has been resolved. If necessary, suspend that task until the adjusted work plan can be reviewed and revised, when needed. When opinions differ regarding the validity of the stop-work issue

or adequacy of the resolution, the appropriate site leader shall make the final determination, giving full weight to all opinions and views. Positive feedback shall be provided to affected personnel regarding the resolution of the stop-work issue.

We have a strict policy against retaliation toward any employee who conscientiously exercised their stop-work authority. Appropriate action is taken to discipline any supervisor or other employee who initiates, condones, or participates in any act of retaliation.

Investigation Of Work-Related Incidents

All workplace incidents (including near misses) are analyzed collaboratively with affected workers, supervisors, and one or more SH&E professionals. The incident analysis focuses on management system deficiencies that allowed the unacceptable condition(s), and the incident, to occur. Corrective actions are applied using the hierarchy of controls (i.e., elimination, substitution, using engineering controls, using personal protective equipment).

For significant work-related injuries, illnesses, environmental incidents, security incidents, or property damage incidents, senior management is notified immediately. The project SH&E representative or the SH&E director (or delegate) will be consulted to assist with determining the root causes of the incident and for support developing and distributing lessons-learned publications.

The investigation process starts as soon as the initial report of the investigation is submitted. The project manager (or delegate) leads the investigation and seeks assistance from the project SH&E representative or SH&E director (or delegate) for subject matter expertise and investigation support.

A formal incident investigation report with corrective actions and accountability assignments is distributed to the appropriate members of the project team and our leadership team and submitted in IndustrySafe (incident reporting system) as a part of the IndustrySafe record of the incident. Along with lessons learned, the results of incident investigations are utilized to improve safety in design, update processes, protect the health of potentially exposed workers, develop training, and promote leadership engagement.

The complexity of our business demands that we are prepared to respond to a range of possible disruptions, such as significant incidents, political instability, or extreme weather. Our corporate Crisis Response Program outlines a framework that can be used to manage our response to emergency situations. Our response management program incorporates multiple factors to ensure readiness. These include making resources available to employees at all levels of an organization, appropriate response management team staffing, aligned and flexible communications, and a training and testing program.

SH&E SERVICES

Before awarding work to a subcontractor, we align with the client on the project's SH&E requirements and how these requirements affect contractors that may be selected to perform the work. Each contractor must demonstrate that it can meet both the project's technical requirements and our SH&E expectations before it is awarded a contract to perform the field work activities for us. Prospective contractors are provided with the project's SH&E performance expectations to which a contractor and its lower-tier subcontractors must adhere while performing work. Our PM will follow the Procurement and Contractor Management Procedure to select, monitor, and evaluate contractors and consultants to help ensure that they are aligned to our SH&E expectations and will deliver work that meets these expectations. These SH&E expectations include the timely reporting of workplace incidents, investigation of incidents, implementation of corrective actions, and distribution of employee awareness documents.

SH&E WORKER PARTICIPATION

Employee Consultation

Effective SH&E implementation is not limited to written policies and procedures, safe work briefings, orientation, and training sessions. Employee consultation and participation fosters cooperation and develops lasting partnerships among

workers, the leadership team, contractors, and stakeholders. Consultation and participation allow workers to raise concerns and influence decisions on SH&E management on the project, yielding collaborative solutions to problems and helping to develop and maintain a positive SH&E culture. Our processes for worker participation and consultation in the development, implementation, and evaluation of ESHARP and for providing access to and communicating relevant information on occupational health and safety to workers include the following:

- Regular SH&E communications for team members and stakeholders appear in written form on bulletin boards, posters, brochures, newsletters, lessons learned, and memos. Verbal communications occur during regular meetings, celebrations, and team-building events.
- Each location must ensure that two-way SH&E communications and consultation occur continually throughout the life of the project and that project team members and stakeholders are actively engaged in these communications and consultation so that they are frequent and relevant, as well as formal and informal.
- Our locations seek worker input and collaboration on SH&E matters, such as developing, reviewing, and updating the following:
 - Work plans
 - Risk assessments and AHAs
 - Compliance programs and best practices
 - Project policies and procedures
 - Training programs
 - Orientation programs
 - SH&E performance measures and objectives
 - Awareness campaigns
- Input from line employees or the chartered employee SH&E committee will be solicited under the following circumstances:
 - When new work processes, equipment, or tools are being designed, purchased, or modified
 - When occupational health issues and worksite monitoring issues are identified
 - During incident investigations
 - During site visits by members of the senior leadership team
 - When programs related to worker-initiated SH&E observations are being considered or evaluated
- SH&E consultation and participation are also required when employees have formal (e.g., bargaining unit) representation on SH&E matters.

Joint Management-Worker SH&E Committees

The development of an SH&E committee at each applicable location is a key component for maintaining safety and security. The SH&E committee emphasizes a proactive approach to prevent injuries and supports the corporate commitment to a zero-incident philosophy and a safe and healthy environment for all employees. The SH&E committee identifies opportunities to improve SH&E processes by determining if the risk control strategies defined in the Site-Specific SH&E Plan are functioning properly to fulfill the ESHARP management system and regulatory requirements.

An SH&E committee is established with a simple written charter describing the following:

- Scope
- Authority
- Work expectations
- First members
- Formal reporting lines for communicating suggestions and requests to accountable members of the project team for resolution

SH&E committee members assist the local leader (i.e., a Parsons employee who is a supervisor, project manager, functional manager, or executive with operational or supervisory oversight of Parsons employees, agency employees retained by Parsons, or contractors) in guiding and promoting SH&E goals and objectives (both corporate and local),

participate while in SH&E committee meetings, engage with workers to improve SH&E performance, and ensure that all applicable SH&E measures are properly administered. They also communicate meeting minutes to project or office personnel (e.g., through email and posts on safety bulletin boards), participate in incident investigations in accordance with applicable legislation and ESHARP management system requirements, and track corrective actions.

SH&E TRAINING

In accordance with ESHARP, our employees receive occupational health and safety training to raise awareness and reduce operational health and safety incidents. This training occurs in three forms: (1) initial employee orientation and education, (2) initial and ongoing site-specific training to recognize and control the workplace hazards associated with their scope of work and how to report health and safety incidents and steps taken to investigate, and (3) shared findings, lessons learned, and the status of the corrective actions identified in incident investigation reports.

SH&E-related training, certification, qualification, or competency needs are identified from a variety of sources to ensure that training, certification, qualification, and competency needs are thoroughly analyzed and evaluated against the scope of work among all levels of employees, including the senior leadership team. The risk register in the Project SH&E Plan is a primary source, along with its related AHAs, other risk assessments, and written compliance programs and best practices. This results in the creation and promulgation of a site-specific SH&E training matrix. Workers and other stakeholders are also sources for identifying training and competency needs. When these needs are identified, the risk register, associated AHAs, and compliance programs and best practices must be updated, resolving any gaps that may have been discovered.

PROMOTION OF WORKER HEALTH

We are committed to promoting the mental and physical well-being of our employees. Worker access to non-occupational medical and healthcare services and voluntary health promotion services and programs, such as our Employee Assistance Program (EAP) and Wellness for Life program, are described in greater detail in the [Benefits](#) section above.

We endeavor to return employees to gainful employment with minimal emotional and financial disruption to their lives. Our Stay-at-Work Program benefits the employee and Parsons by maintaining productivity and by reducing the costs and lost time that may result from a work-related injury. We endorse temporary transitional duty that strives, within 60 days, to return an injured worker back to their regular assignment. The success of our Stay-at-Work Program depends on all employees understanding and adhering to the following roles and responsibilities: For an incident involving an employee who sustains a work-related injury or illness, the designated project team members or corporate workers' compensation specialist and Human Resources will communicate with the affected worker to coordinate with their care and treatment and to help ensure that the medical providers understand the employee's job roles and opportunities for the employee to engage in alternative work. Knowledgeable escorts accompany injured/ill persons to secondary medical facilities and provide oversight during the injury/illness case-management process.

In addition, Parsons and WorkCare™ have partnered to promote Incident Intervention™, a resource designed to provide our employees with immediate access to qualified medical clinicians who are able to provide them with prompt medical assessment in the event of a non-life-threatening, non-medical-emergency, work-related injury or illness. Through this process, we leverage clinical-expert resources to coordinate appropriate treatment care. When an employee is injured on the job and unable to return to their regular job, the medical provider outlines specific restrictions. We will ask employees to perform only those job functions that the medical provider has determined can be safely performed during the recovery process. All alternative and modified job assignments will be structured to meet the physical capabilities of the injured worker. The Stay-at-Work Program is meant to be a temporary and progressive program. As the employee becomes healthier, they will gradually resume the job duties that have been restricted. The success of our Stay-at-Work Program depends on the assurance that all employees understand and adhere to the roles and responsibilities as outlined in our procedure.

Parsons has established guidance on recording and communicating employee injuries and illnesses (work related or otherwise) to ensure that sensitive and private information is protected as appropriate. Applicable federal, state, or local law or regulation that requires protection or restricts access to sensitive information is enforced. Under no circumstances

is retribution or retaliation directed toward any employee who reports a work-related incident or seeks occupational health services.

SH&E MITIGATION & PREVENTION

Our approach to preventing or mitigating business relationship impacts is part of a site's risk assessment process (and documented in the site's risk register). During this process, risks to the public and third parties (such as vendors and visitors) are considered and explicitly controlled, with the risk control schemas documented in the site management plans or site safety plans.

Enterprise risk management (ERM) helps develop a risk-intelligent culture throughout the corporation and provides reasonable assurance that our strategy and business objectives will be achieved by encouraging proactive risk-management practices that are integrated with strategy-setting and performance management. ERM includes considering risk as part of strategy development. The ERM process also includes anticipating and addressing emerging risks and continuously improving governance processes and internal controls. Components of the ERM strategy include the following:

- **Strategy:** Risks are considered when selecting the strategy, and the selected strategy forms the foundation for business objectives and the risk assessment.
- **Objectives:** ERM risks are assessed in terms of impact on the company's ability to achieve its strategy and business objectives. A forward-looking, three-year time horizon is used for risk assessments.
- **Identification and Assignment:** Risks are divided into five areas: financial, legal, talent, operational, and strategic. Risk owners are identified for each risk. Standard risk definitions are used across all assessments to provide consistency. Business units review the risk list for gaps and relevance and add risks if needed.
- **Assessment:** Management assesses risks by considering their likelihood and potential impact. Ratings reflect input provided by personnel familiar with the related activities. Risks are assessed in the unmitigated/inherent state and in the mitigated/residual state, reflecting the effectiveness of our control activities. Ratings are consistent with standard guidelines and reflect objective data and subjective expert opinions of complex, interrelated circumstances.
- **Monitoring:** Management monitors significant and emerging risks continuously. Changes to the published action plans are made when needed.
- **Response:** Mitigation action plans are provided to reduce threats or increase opportunities associated with all significant risks. The status of mitigation plans is tracked from development through implementation. If no mitigating actions are viable, the situation is explained in the risk assessment.
- **Communication:** Corporate ERM reports are distributed to senior leadership, who communicate risk information with their teams. A detailed report on the ERM process and the resulting risk assessment is presented to the Audit and Risk Committee of the board of directors annually, with updates given in interim quarters. Our ERM process includes a comprehensive annual review of SH&E-related risk.

Safety Metrics

SH&E COVERAGE & AUDITS

We have implemented an SH&E management system that covers all employees worldwide and aligns with ISO 14001 and ISO 45001. We are certified to these standards in locations where there is a business need (e.g., Qatar, UAE, UK). A third-party certified SH&E management system covers roughly 30% of our employee population. Contractor flow-down language has been implemented to ensure that all contractors align with the same SH&E management system principles. Contractors are prequalified against these expectations and are closely monitored during project execution.

Though we do not require contractors to certify their management systems, audits and site inspections are routinely carried out to validate that their SH&E management systems are in place and have been implemented. At the local level, contractor SH&E performance is tracked and monitored against prescribed key performance indicators. Employee and

contractor incidents are reported into our incident reporting system for investigation and tracking of corrective actions. All Parsons office locations and project sites undergo an SH&E risk assessment using the procedures described previously. We do not have roll-up visibility of contractor hours at the enterprise level; thus, recordable and lost-time injury rates for contractors are not included in our annual reports.

Table 43. Total Recordable Incident Rate (TRIR)

Total Recordable Incident Rate (TRIR)	2019	2020	2021	2022
Recordable Work-Related Injuries (#)	42	55	39	21
Number Of Hours Worked	36,927,159	36,664,052	33,832,078	34,067,146
TRIR (#/million hours worked)	1.14	1.50	1.15	0.62
TRIR (#/200,000 hours worked)	0.23	0.30	0.23	0.12

Table 44. Lost-Time Injury Frequency Rate (LTIFR)

Lost-Time Injury Frequency Rate (LTIFR)	2019	2020	2021	2022
Lost-Time Injuries (#)	14	26	16	7
Number Of Hours Worked	36,927,159	36,664,052	33,832,078	34,067,146
LTIFR (#/million hours worked)	0.38	0.71	0.47	0.21
LTIFR (#/200,000 hours worked)	0.08	0.14	0.09	0.04

Table 45. Fatalities (# of fatalities)

Fatalities	2019	2020	2021	2022
Employees	0	0	0	0
Contractors	0	0	0	0

Table 46. Occupational Illness Frequency Rate (OIFR)

Occupational Illness Frequency Rate (OIFR)	2019	2020	2021	2022
Work-Related Ill Health Incidents (#)	2	16	9	0
Number Of Hours Worked	36,927,159	36,664,052	33,832,078	34,067,146
OIFR (#/million hours worked)	0.05	0.44	0.27	0.00
OIFR (#/200,000 hours worked)	0.01	0.09	0.05	0.00

Human Rights, Discrimination & Harassment

HUMAN RIGHTS

In 2022, we published a company-specific [Human Rights Policy](#) that demonstrates our respect for and commitment to preserving internationally recognized human rights per the guidance in the United Nations Universal Declaration for Human Rights (UDHR) and the Organization for Economic Cooperation and Development (OECD). The policy applies to Parsons Corporation and all Parsons businesses and subsidiaries worldwide, including joint ventures and similar partnerships managed by Parsons. The policy interfaces with existing corporate policies and guidance, such as our Code of Conduct and our Anti-Corruption, Anti-Harassment, and Anti-Human Trafficking policies.

We also became signatories to the United Nations Global Compact (UNGC) in May 2022 and are preparing for the first reporting cycle. The Ten Principles of the UNGC, which concern human rights, labor, environment, and anti-corruption, align very well with Parsons' core values and policies.

DISCRIMINATION & HARASSMENT

Our policy on harassment and discrimination strictly prohibits unlawful harassment of any kind, including sexual harassment and harassment based on race, color, creed, religion, national origin, ancestry, ethnicity, age, sex, gender, sexual orientation, disability, medical condition as defined by law, pregnancy, childbirth, breastfeeding and related medical conditions, marital status, citizenship status, military or veteran status, family status, natural hair texture and protective hair styles, genetic information, gender assignment, gender expression and gender identity, pardoned conviction, language spoken (including French in Canada), or any other basis protected by applicable law or regulations.

It is a zero-tolerance policy for discrimination and harassment of any kind. All allegations of harassment or discrimination are taken seriously, addressed promptly, with appropriate remedial or disciplinary action up to and including termination. Employees are required to undergo harassment prevention training as required by applicable law. Responsibilities for reporting incidents to a supervisor, Human Resources, the Ethics Hotline, and/or the Employee Dispute Resolution Program are outlined in the policy. Even though the volume of substantiated harassment claims is small, whenever allegations of harassment are substantiated, Parsons has a record of taking immediate disciplinary action, including termination of employment.

Governance

Governance Structure

The Parsons Board of Directors (board) has adopted corporate governance guidelines. The board and the Corporate Governance and Responsibility Committee are responsible for reviewing and amending these guidelines as they deem necessary and appropriate. The Corporate Governance and Responsibility Committee is responsible for overseeing the company's system of corporate governance and ESG initiatives. Parsons' [governance documents](#) are shared on our investor relations website. Information on our Executive Leadership Team (ELT) and board of directors can be found on [our website](#). Additional governance details can be found in our [2023 Proxy Statement](#).

BOARD OF DIRECTORS & COMMITTEES

Parsons' board is led by our chair, president, and chief executive officer (CEO), Carey A. Smith, and the lead independent director, Steven F. Leer. Our board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure to effectively oversee management. Our bylaws and corporate governance guidelines provide our board with the flexibility to combine or separate the positions of chair of the board of directors and CEO. Our board currently believes that our existing leadership structure is effective, provides the appropriate balance of authority between independent and non-independent directors, and achieves the optimal governance model for us and for our stockholders. The chair/CEO has in-depth knowledge of the company's opportunities and challenges, develops agendas that ensure the board's time is focused on the most critical matters, and enhances our ability to communicate our strategy to our stockholders, customers, and employees.

The board is required by its bylaws to establish a Corporate Governance and Responsibility Committee. The board also may create any additional committees it deems necessary or advisable. Currently, the board has [three committees](#) comprising independent directors only: the [Corporate Governance and Responsibility Committee](#), the [Audit and Risk Committee](#), and the [Compensation and Management Development Committee](#). Each committee has a written charter establishing the duties of the committee, the minimum number of members for the committee, and the requirements for conducting meetings of the committee.

NOMINATION PROCESS

The Corporate Governance and Responsibility Committee is responsible for recommending the slate of nominees for election to the board at the annual meeting of shareholders. The committee actively seeks individuals qualified to become board members and recommends them to the board as the need arises to fill vacancies.

The Corporate Governance and Responsibility Committee, in recommending director candidates for election to the board, and the board, in nominating director candidates, will consider candidates who have a high level of personal and professional integrity, strong ethics and values, and the ability to make mature business judgments.

As detailed in Exhibit A of our [Corporate Governance Guidelines](#) (pp. 9–10), the board will also consider the diversity of the candidate, which is defined broadly to include experience, background, and other factors, including gender, age, race, ethnicity, geography, and other characteristics. In addition, the board will consider whether there are potential conflicts of interest with the candidate's other personal and professional pursuits. The board should monitor the mix of specific experience, qualifications, and skills of its directors to ensure that the board, as a whole, has the necessary tools to perform its oversight function effectively, considering Parsons' business and structure.

INDEPENDENCE

Our corporate governance guidelines provide that we have a lead independent director. Our lead independent director is Steven F. Leer. In that role, he has called meetings of the independent directors and chaired such meetings, including all executive sessions of the board of directors; facilitated communications between our chair and the independent directors

of the board; and reviewed the quantity, quality, and timeliness of information provided to the board, among other duties described in our corporate governance guidelines.

Except as otherwise permitted by the applicable New York Stock Exchange (NYSE) rules, the board will include a majority of directors who qualify as independent directors as required under NYSE rules, and all members of the committees of the board must be independent. The independent directors will meet in executive session without non-independent directors or management present on a regularly scheduled basis. The company will hold an executive session including only independent directors at least once per year.

CONFLICT OF INTEREST

When recommending director candidates for election to the board, the board will consider whether there are potential conflicts of interest with the candidate’s other personal and professional pursuits. A change in a director’s primary job position or accepting a position on another company’s board of directors will trigger a conflict check according to procedures detailed in our [Corporate Governance Guidelines](#) (pp. 3–4). The board, our Executive Leadership Team, and their direct reports are required to certify to the Conflict of Interest Policy and disclose, on a quarterly basis, any actual or potential conflicts of interest, outside positions, and related-party transactions.

Board Composition

Board composition details are as of December 31, 2022. Information on board members can be found on [our website](#), and a skills matrix with demographics is included in our [2023 proxy statement](#) (p. 18).

In 2022, the board consisted of 11 directors. Nine of our board members were considered independent, including a lead independent director. Our chair, president, and CEO, Carey Smith, and former chief financial officer of Parsons, George Ball, were non-independent directors. Our board was 45% racially/ethnically diverse or female, with four female directors (36%) and one racially/ethnically diverse director (9%). The average tenure for our directors was 5.7 years, with four of the nine (44%) independent directors added in the last five years.

ESG Governance

Parsons’ highest governance body is the board. The board has three committees: Audit and Risk (A&R), Compensation and Management Development, and Corporate Governance and Responsibility (CG&R). The CG&R Committee is responsible for the oversight of ESG. The CG&R Committee oversees our overall ESG strategy and risks, major plans of action (including setting ESG objectives and/or targets), implementation and performance monitoring, and review of disclosures. The vice president, ESG, provides quarterly briefings to the CG&R Committee on a range of ESG topics, including those that are climate related. The A&R Committee oversees our Enterprise Risk Management (ERM) Program, which includes ESG risks. The A&R Committee reviews risk management procedures and risk factors affecting Parsons and is briefed quarterly by the senior vice president, chief security and risk officer.

Our CEO leads the [Executive Leadership Team](#) (ELT), comprising senior executives representing all business units (BUs) and corporate functions. Our CEO holds overall executive-level responsibility for ESG at Parsons. Primary responsibility for climate-related risk and opportunity identification and management is assigned to our vice president, ESG, reporting to the ELT through the chief business operations officer. Additionally, Parsons' ESG Steering Committee comprises representatives from Operations, Finance, Human Resources, Communications, Legal, and all BUs. The ELT holds Monthly Management Reviews (MMRs) with updates from all BUs and corporate functions. ESG updates are given monthly as a

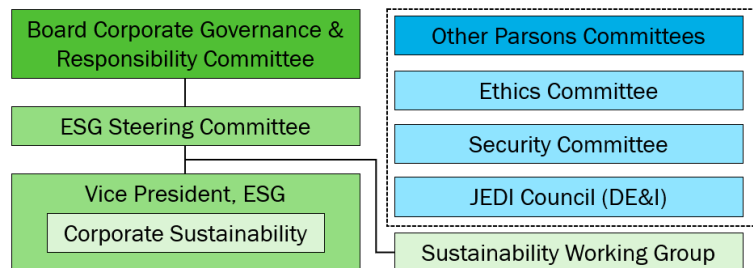


Figure 1. ESG Governance Chart

part of the Operations update. Parsons sets annual targets for its six core values, including sustainability, with monthly updates on progress towards targets.

The employee ESG Steering Committee is led by the vice president, ESG, and comprises a team with representation from Operations, Finance, Human Resources, Communications, and Legal. Parsons has additional employee committees covering ESG-related topics, including the Ethics Committee; the Security Committee, for physical and cybersecurity risks; the JEDI Council, for DE&I, and the Sustainability Working Group, which focuses on project delivery.

Risk Management

ENTERPRISE RISK MANAGEMENT

Our corporate Enterprise Risk Management (ERM) Program is led by the senior vice president, chief security and risk officer, who reports to the chief technology officer under our CEO and works with the chief legal officer for the purpose of providing reports to the Audit and Risk Committee.

We maintain an ERM Program to anticipate and identify key risks; to plan and implement mitigation actions; to capitalize on opportunities to create, enhance, and protect shareholder value; and to ensure that business activities are aligned with our core values and strategic objectives. As part of the ERM Program, we define and continuously monitor our standard risks, including those relating to our ESG objectives. These include legal and regulatory compliance and a number of human resources risks, such as a health, safety, and environment risk. We formally assess each of these annually against tolerance guidelines and measures and formulate controls to mitigate them. Further, we continuously consider and evaluate a wide range of emerging risks to the enterprise, like climate change, for appropriate actions and inclusion in our standard risk portfolio. We also seek to mitigate or avoid risks that could prevent us from achieving our strategic objectives or financial targets, and we actively seek new business opportunities in which our ability to effectively manage risk provides a competitive advantage.

Our board of directors and its committees take an active role in overseeing the management of our risks and bear the ultimate responsibility for risk management. The board regularly reviews information regarding our operational, financial, legal, data security, and strategic risks. Specifically, senior risk management personnel attend quarterly meetings of the board, provide presentations on operations that include significant risks, and are available to address any questions or concerns raised by our board of directors.

In addition, our board's committees assist the board in fulfilling its oversight responsibilities in certain areas of risk. The Audit and Risk Committee coordinates the board's oversight of our internal control over financial reporting, disclosure controls and procedures, risk, related-party transactions, Code of Conduct, and data and information security. The Compensation and Management Development Committee helps the board oversee the management of risks arising from our compensation policies and programs as well as succession planning as it relates to our chief executive officer and executive leadership. The Corporate Governance and Responsibility Committee helps the board oversee the management of risks associated with board organization, membership and structure, succession planning for our directors, and corporate ESG matters. When any of the committees receives a report related to material risk, the chair of the relevant committee will report on the discussion to the full board of directors.

A summary of the principal risks that could adversely affect our business, operations, and financial results is included in our [Form 10-K](#) (pp. 21–50).

PROJECT RISK

Our project-related risks are managed by dedicated risk management leads for our Critical Infrastructure and Federal Solutions business segments, who are responsible for project-related risk policies and procedures.

All projects at Parsons go through risk evaluation across the different phases of each project. When pursuing projects, a risk evaluation is completed as a part of the go/no-go decision and may cause Parsons to not pursue a project. When a project is won, the risk register is updated and risks are priced for inclusion in contract negotiations. The risk register is

maintained by the project/program manager during the execution phase of the project. Topics evaluated include the following:

- Contractual risk
- Political and governmental risk
- Environmental risk
- Financial risk
- Schedule risk
- Execution risk
- Health and safety risk
- Procurement risk
- Physical site risk

Remuneration

EXECUTIVE REMUNERATION

Policies and processes for determining remuneration for named executives are detailed in our 2023 Proxy Statement. As disclosed in our [2022 Proxy Statement](#) (p. 53) and [2023 Proxy Statement](#) (p. 61), the following table details CEO annual total compensation, median employee annual total compensation (excluding CEO), and the ratio between CEO and median employee annual total compensation.

Table 47. CEO & Employee Annual Compensation

Compensation (USD)	2021	2022	% Change
CEO Annual Total Compensation	\$5,485,561	\$6,973,806	27.1%
Median Employee Annual Total Compensation	\$98,718	\$101,392	2.7%
Ratio Of CEO To Median Employee Annual Total Compensation	56 TO 1	69 TO 1	

INCENTIVES FOR NON-FINANCIAL METRICS

Commencing in fiscal 2021, our CEO and our other short-term incentive (STI) participants' annual bonuses were based on our performance against financial goals (90% of overall target bonus opportunity) and on our performance against strategic qualitative goals (10% of overall target bonus opportunity) set at the beginning of the fiscal year and aligned with our core values of diversity, safety, sustainability, quality, integrity, and innovation. For fiscal 2022, annual bonuses included performance against a non-financial strategic qualitative goal aligned with enhanced gender and racial/ethnic diversity (10% of overall target bonus opportunity) set at the beginning of the fiscal year.

Ethics & Values

CORE VALUES

Whether we're in the office, on a project site, or at home, our core values give our people, our partners, and our customers both solutions and a company they believe in. Additional details on our mission, vision, and core values can be found on [our website](#).

Safety – We adeptly avoid risk through our high-value technical and management solutions and a companywide personal commitment to maintaining a safe and healthy culture and environment in all our offices and on each of our projects. Our rigorous safety practices ensure that our customers and employees are safe and that our operations and assets are secure.

Quality – We're on a never-ending quest to improve our processes, services, and products. Our quality management systems ensure ISO 9001 compliance every time, and we offer robust testing and validation of our products and services and comprehensive supplier management to meet stringent quality standards and provide our customers with unmatched results. Most of all, we listen. We listen to the ever-evolving industry and our customers to enhance understanding, capture key information, and deliver the level of quality that's become our hallmark.

Integrity – We understand that having high standards is crucial to earning our customers' trust and maintaining a spotless reputation. Having integrity means that we remain transparent in our practices by openly communicating

with each other, our customers, and stakeholders; that we prioritize the quality of every job; and that we do the right thing each time we're faced with a tough decision.

Diversity – We pursue diversity in our workforce, our business units, our suppliers, and our services because we recognize that optimum solutions require different backgrounds, new perspectives, and open minds. We're a collaborative, inclusive company that values diversity in skill, background, and knowledge. By offering employee business resource groups (EBRGs), we empower diverse populations around the company to have a voice, inspire one another, and promote allyship. We also ensure supplier diversity by engaging suppliers from various backgrounds, including businesses owned by women, minorities, and veterans.

Innovation – Parsons is an established innovation leader. Our creative work environment attracts the most sought-after employees, ensuring we offer our customers and the world innovations that lead the industry and transform tomorrow for the better. Through intensive research and development, partnerships, and rapid prototyping, we confidently provide inventive processes and unique solutions that offer unrivaled value to our customers.

Sustainability – In all that we do, we're conscious of our impact and strive to create or enhance environmental, economic, and social balance. Backed by empowered teams, we operate in accordance with best practices to deliver solutions while addressing environmental risk and minimizing our carbon footprint. We help our customers do the same by providing clean, efficient, healthy, and effective solutions on all our projects.

CODE OF CONDUCT

Our [Code of Conduct](#) is publicly available in English and also provided to employees in Arabic. All suppliers are expected to comply with the [Parsons Standards of Ethical Conduct for Business Partners](#). Our joint venture (JV) partners must have their own code of conduct or abide by our supplier standards.

Employees receive integrity and Code of Conduct training upon hire and additionally receive annual training. Parsons provides integrity training during even years (2022) and Code of Conduct recertification and acknowledgment in odd years (2023). The completion rate for our 2022 training was 99%.

Code Of Conduct Compliance

Parsons' Ethics and Compliance team conducts hundreds of investigations and answers as many queries every year. Internal Audit conducts its audits on a routine basis and as needed depending upon findings or requests from other departments for review. Employees, clients, and other business partners may report an ethics concern in myriad ways, including contacting an ethics officer, contacting a member of the Ethics Committee, contacting the chief ethics and compliance counsel or other member of the Legal team, calling our hotline, or making a report (anonymously if preferred) via our online web portal. The Ethics and Compliance team reviews and investigates every case or inquiry it receives and provides actionable guidance to the reporter as well as to management and Human Resources when necessary. Case outcomes are reviewed by the Ethics Committee, and the dispositions upheld when agreed upon. If the Ethics Committee disagrees with the disposition of a case, it may direct a different resolution (up to and including termination of offending actors). Internal audits and ethics investigations often result in policy or procedure changes or require additional training for certain individuals or groups of individuals. Parsons' policy is to initially respond to all reporters within 48 hours of receiving a concern, and ethics cases and inquiries should be closed within no more than 45 days.

An independent third party, PWC, audits Parsons ethics program quarterly, reviewing all reports, case metrics (numbers of new cases, types of cases, business unit and geography of each case), and disposition of cases (including any whistleblower type claims). If circumstances warrant, PWC may ask Parsons to hire a third-party law firm to lead an independent investigation of certain issues.

INTEGRITY, COMPLIANCE & ANTI-CORRUPTION

Integrity is a Parsons core value, and we're committed to ethical practices in everything we do. Parsons' program has been reviewed by Ethisphere each year, and Parsons has been honored as a World's Most Ethical Company for 14 years in a row. Our robust Ethics and Compliance Program ensures that our people engage in and promote ethical behavior

and compliance with laws and regulations where we operate. The board, our Executive Leadership Team, and their direct reports are required to certify compliance with the Conflict of Interest Policy and disclose, on a quarterly basis, any actual or potential conflicts of interest, outside positions, and related-party transactions. We also abide by comprehensive anti-corruption policies and procedures and only work with partners and suppliers that share our commitment to doing business with integrity.

Per our anti-corruption policy, Parsons conducts all business transactions ethically and in full compliance with all applicable laws, including anti-corruption legislation. Bribery and corruption violate the public's trust, threaten national and international economic and social development, and undermine security. Parsons therefore takes a zero-tolerance approach to bribery and corruption. Parsons does not offer, pay, solicit or accept bribes under any circumstances, and Parsons does not directly or indirectly authorize paying or accepting bribes. Accordingly, all Parsons employees, agents, partners, and any other third parties doing business with or on behalf of Parsons shall not in any way participate in bribery or corruption in the conduct of Parsons' business activities.

Parsons officers, directors, employees, personnel, agents, intermediaries, joint venture partners, subcontractors, consultants, and any other parties doing business with or on behalf of Parsons shall not, directly or indirectly:

- Solicit or accept anything of value (including gifts, hospitality, travel, favors, and/or entertainment) from a vendor, supplier, subcontractor, agent or customer other than regular and proper payment for business services properly rendered and invoiced for under a contract for company work or nominal items, such as a reasonable meal.
- Pay, offer to pay, promise to pay or authorize the payment of anything of value (including gifts, hospitality, travel, favors, and/or entertainment) to a public or government official, in order to:
 - Influence any act or decision of the official; induce the official to do or refrain from doing anything in violation of their duties; induce the official to use their influence with others, or obtain any improper advantage;
 - For the purpose of assisting Parsons in obtaining or retaining business or directing business to Parsons or any Parsons officer, director or employee.

Anything of Value means anything that is of benefit to the recipient, including, without limitation, money (including Cash, or any form of Digital Currency), gifts, stock or other investment assets, charitable donations, political contributions, etc.; other pecuniary advantages, such as a membership in an exclusive club, employment (including employment for a relative); and expenditures on travel, hospitality, lodging, entertainment and recreational outings.

Parsons will discipline any employee who violates the anti-corruption policy and related procedure, which may include termination of employment in appropriate cases. In severe cases, Parsons may refer conduct that violates this policy and related procedure by employees to governmental authorities, including law enforcement. Parsons may also seek to cause employees who violate this policy and related procedure to reimburse Parsons for any resulting financial loss.

Parsons expects and strongly encourages employees to voluntarily report any suspected violations of this policy and related procedure to the Corporate Chief Ethics and Compliance Counsel, the Parsons Ethics Committee, or through the Ethics Helpline. A voluntary report demonstrates the integrity and good character that Parsons values in its employees.

Parsons' anti-corruption policy applies to Parsons Corporation and all Parsons' businesses and subsidiaries worldwide, including joint ventures and similar partnerships.

WHISTLEBLOWER PROGRAM

In 2009, we implemented our [24-hour Ethics Helpline](#), which is available to those who want to ask questions or report concerns about business practices, violations of law, and company policies. Our helpline is available to employees, suppliers, customers, and other third parties. Inquiries can be submitted online or through country-specific telephone numbers available on our Ethics Helpline website. Parsons' policy is to respond to all reporters within 48 hours of receiving a concern, and ethics cases and inquiries should be closed within no more than 45 days. Additional details on our Whistleblower Program can be found in our [Code of Conduct](#).

Supply Chain

Complying with the Parsons Standards of Ethical Conduct for Business Partners is a condition of doing business with Parsons. Our business partners are responsible for ensuring their own personnel and supply chain are aware of these standards and for requiring compliance with them. Failure to comply with these standards may jeopardize their business relationships with us. Sanctions for noncompliance may result in the withholding of payments to the contractor under the contract until the contractor complies or in the cancellation, termination, or suspension of the contract, in whole or in part.

All suppliers are expected to comply with the [Parsons Standards of Ethical Conduct for Business Partners](#) and are vetted in accordance with our compliance policies and applicable regulatory requirements. Parsons is committed to completing due diligence on all its suppliers before onboarding. Below are some of the common topics and registrations/certifications we consider:

- Cybersecurity: [Cyber Incident Reporting](#) and [CISA Incident Reporting](#)
- Conflict minerals: [Disclosing Use of Conflict Minerals](#) and [EDGAR](#)
- Counterfeit parts: [Government Industry Data Exchange Program \(GIDEP\)](#)
- [Directorate of Defense Trade Controls \(DDTC\)](#)
- [Supplier Performance Risk System \(SPRS\)](#)
- [Human Rights Policy](#)

Parsons currently does not have a modernized system to classify critical suppliers; however, we can manually pull top spend by suppliers, which would be considered preferred suppliers. We have invested in advancing our technologies and are deploying a modernized digital procurement transformation application that will include third-party and operational risk management capabilities. These enhanced features and functionalities will include operational risk; financial health; cyber risk; ESG; reputational, criminal, and regulatory risk; and foreign ownership, control, and influence.

ESG SUPPLY CHAIN

Responsible sourcing across our integrated supply chain organization is vital to our business. We evaluate our suppliers on their adoption and adherence to sustainability, trade compliance, and providing quality products to reduce our supply chain risks.

SUPPLIER DIVERSITY

Supplier diversity is a topic our customers view as important, innovative, and supportive of best practices. Our Supplier Diversity Program engages a variety of firms by leveraging internal and external outreach forums. We're proud of our award-winning program and have expanded those best practices throughout the enterprise for performance monitoring and reporting to further leverage opportunities to use diverse suppliers and subcontractors.

In 2021, we opened the National Intelligence Small Business Center, in Annapolis Junction, Maryland, which provides mentoring, facility resources, and a collaborative environment for small businesses. In addition, we participate in a variety of organizations, such as the Capital Region Minority Supplier Development Council, to promote the development and use of a diverse supplier base.

We consistently promote and sustain a diverse supplier base, as evidenced by the fact that, in 2022, we spent approximately \$725 million with diverse suppliers, which was 39.9% of our total procurement dollars across the enterprise. These suppliers are tracked in the primary categories listed below. We plan to expand the diversity categories tracked to include LGBTQ+ as the data becomes available.

Table 48. Diverse Supplier Spend

Percentage Of Total Procurement Spend	Total Diverse	Small Business	Racially/Ethnically Diverse Owned	Women Owned	Veteran Owned	Service Disabled Veteran Owned
2021	36.3%	35.0%	6.3%	5.9%	5.2%	2.7%
2022	39.9%	38.4%	7.1%	5.7%	4.8%	2.6%

Note: Categories are not mutually exclusive.

Quality

Parsons is committed to performance excellence through quality, one of our six core values. Quality drives and impacts all aspects of project execution, including the products we deliver, team performance, customer satisfaction, and project success. We define quality as meeting requirements, doing things right the first time, and seeking continuous improvement. Our commitment to performance excellence means we strive to exceed minimum expectations.

Quality is not just about the quality assurance (QA) and quality control (QC) functions, it includes quality management (QM), which is how we operate. It expands the focus of quality from technical deliverables to all operations and activities. Everybody has a role in quality management, and each person’s efforts contribute to the organization’s reputation for quality. Although QA/QC is important, delivering according to requirements the first time—every time—is a result of a QM-focused organization using all the tools available to achieve exceptional performance. A QM mindset focuses on meeting client requirements through the alignment of people, processes, and tools.

At Parsons, quality and program excellence (QPE) is broken into three areas: program excellence, project management, and auditing and certifications.

PROGRAM EXCELLENCE

The QPE team focuses on project performance, capturing and measuring metrics across all aspects of execution. Achieving continuous improvement, measuring performance, and removing impediments are the foundational tenets of this team. We coordinate across all projects, programs, and portfolios, providing support and analysis to our line management. Specific areas of focus include the following:

- **Organizational engagement:** Regular discussions with sector and business unit line management on performance. This includes both areas for improvement as well as areas of success that can be emulated across the company. Feedback from these meetings drives the initiatives that the QPE team completes.
- **Policy and procedure:** Continual review of corporate policies and procedures, ensuring applicability and information accuracy.
- **Project reviews:** Support to all levels of projects reviews, focused on top-shelf performance. Focus areas include change management, quality deliverables, team performance, access to needed resources, and product effectiveness.
- **Customer assessments:** Customer feedback is critical to measuring the performance of the project team. QPE manages the assessment system and supports outreach to each customer at regular intervals, helping to maintain constant communication for continuous improvements.
- **Program Excellence Working Group:** Working group consisting of leadership representation from all sectors across Parsons that discusses enterprise initiatives, obstacles facing our project teams, and knowledge sharing.
- **Training:** In 2022, our proprietary Quality 101 training was required for all employees, and new hires had to complete the training within their first 90 days. The completion rate for the training is 99%.

PROJECT MANAGEMENT

At Parsons, the PM is responsible for all aspects of project delivery, with support from a host of business operations staff, including those from Contracts, Finance, and Human Resources; technical experts; and other professionals. Effective

PMs are exemplary leaders who assemble, organize, motivate, and supervise teams that come together, deliver the project, and eventually disband. Making that happen requires a vision of the completed project, an understanding of how to get it done, and the leadership skills necessary to motivate the team from start to finish. To be an outstanding PM, even more is required. Parsons' PM Model of Excellence identifies many key attributes that have proven to be essential characteristics of our best PMs. The PM Model of Excellence serves as the foundation for which other project management capabilities and initiatives are created.

Project management is crucial to a project's success, and Parsons is committed to providing the resources needed by our project managers. Below are the foundational resources available to all PMs at Parsons:

- **Project Manager Development (PMD) Model:** The Parsons PMD Model establishes a standard baseline for foundational PM knowledge and Parsons-specific PM knowledge, resulting in Parsons-qualified PMs. It consists of four tiers reflecting the journey of PM development, the accumulation of knowledge and skills required to successfully perform as a PM, and continuing development throughout a PM's career. The capstone tier focuses on Parsons' systems and processes, teaching PMs how to navigate being a project manager at Parsons.
- **Program Management Center of Excellence (PMCoE):** This is the hub for all project and program management needs at Parsons. It provides information and resources for our PMs across the enterprise.
 - **Knowledge and Learning:** Certification information, training tracks, industry resources
 - **Project Execution:** Templates, document standards, project repositories
 - **Business Operations:** Quick links to business operations sites, key contacts across operations
 - **PMD:** Hosts the training curriculum as a "how-to" resource that is always available to PMs
- **Community of Practice:** Parsons has created a community of practice focused on knowledge-sharing and growing the next team of PMs. This consists of an internal forum where information is shared, a mentorship program, and the sharing of lessons learned and best practices.
- **Training:** Development of training that meets the real-world needs of our PMs, covering topics such as project opening, financial performance, risk management, and change management. In 2022, 27 project management trainings were held.

AUDITING & CERTIFICATIONS

Auditing is a QA activity used to verify that the systems, processes, and tools used to manage and create deliverables are being used appropriately and are operating effectively to ensure compliance with requirements. There are several different kinds of audits: project quality audits, project compliance self-audits, internal audits, and ISO compliance audits.

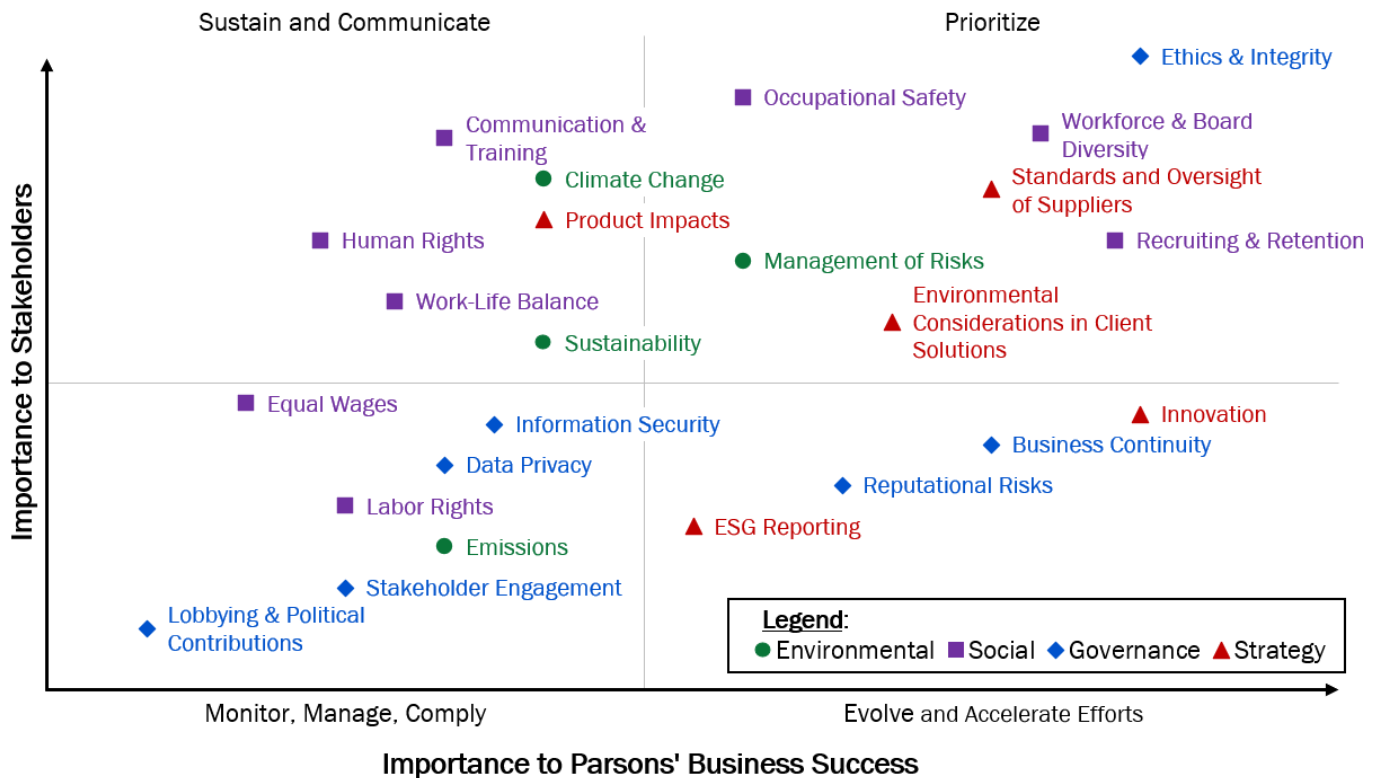
- **Project quality audits:** Verify compliance with Parsons' requirements, project plans, procedures, and other requirements. Each year, the QPE team creates a plan identifying projects, offices, and processes to be reviewed.
- **Project compliance audit:** A PM-directed review of their internal operations or of a subcontractor, subconsultant, or supplier. The timing/frequency is determined by the PM or business unit.
- **Internal audit:** The Parsons Internal Audit Department provides objective, independent, risk-based assurance and advice to Parsons management and the Audit and Risk Committee of the board of directors regarding company operations and the effectiveness of internal controls.
- **ISO compliance audit:** To maintain our ISO certification, we are required to undergo regular recertification and surveillance audits. As part of this process, the independent auditor selects various projects at multiple Parsons offices to participate in the audit.

All audits include planning, fact-finding, and reporting phases, as well as the examination of objective evidence to verify compliance. Audits must be performed by a qualified auditor who is independent of the work being audited, typically assigned by the QPE team. All projects are potentially subject to audit. Project selection is based on several factors, including risk, contract value, market and sector diversity, and the results of previous audits. Audits are performed to provide confidence that systems are implemented properly to deliver compliance and successful quality outcomes.

Materiality

In 2020, we engaged an independent third party to conduct a materiality assessment to provide an understanding of the ESG issues most likely to have a financial impact on the business if left unmanaged. In partnership with our third party, we engaged management, employees, investors, clients, suppliers, industry groups, and government/regulators. With the data gathered, we were able to better understand the viewpoints of the different stakeholders and make decisions on strategy, goals, and use of internal resources. Following the assessment, we developed our first ESG strategy, Cultivating a Responsible Enterprise (CARE). While we maintain constant dialogue with our stakeholders, in 2023 we plan to conduct an in-depth update to our materiality assessment.

Figure 2. Materiality Map



Issues are weighted and plotted on the ESG materiality map below to help prioritize areas that are important to both Parsons' stakeholders and the success of the business. It is important to note that all issues on this materiality map have been identified as relevant and significant to Parsons, regardless of where they fall. The purpose of the materiality map is to prioritize these material issues based on their relative importance according to stakeholders and effect on Parsons' business. "Importance to Parsons' Business Success" has been defined according to global and third-party ratings, as well as management's perspective. For the stakeholder groups, the employee perspective has been weighted most heavily as our employees also represent Parsons' largest investor. Behind that, investors, clients, and suppliers were weighted most heavily, followed by industry groups and regulators.

Tax

TAX APPROACH

The way Parsons Corporation and its subsidiaries (Parsons) approaches, manages, and assesses the risk of taxation is grounded in our corporate objective to act as a socially responsible company. We consider the purpose of the tax regulations in each jurisdiction and maintain strict adherence with applicable tax laws. Through this wider tax focus,

Parsons' contribution is indirectly supportive of the funding of the UN SDGs, especially those that address the global challenges related to economic, social, and environmental sustainability.

Taxes play a necessary and important role in our society, and Parsons believes every corporation has a responsibility to pay all the taxes they owe. The Audit and Risk Committee of the board of directors regularly reviews and discusses Parsons' tax matters with management. The committee reviews reports on tax matters from Parsons' chief financial officer; the senior vice president, corporate tax, internal audit; and from Parsons' independent auditor. These reports, among other matters, include updates on significant domestic and international tax-related developments as well as other tax-related legislative matters.

Parsons is a socially responsible company in the tax field and is committed to complying with all applicable taxation laws and regulations. Through our Tax Department, we assure our relevant stakeholders that our tax obligations are properly, effectively, and correctly handled; in addition, we ensure that our tax information is properly disclosed in our annual and quarterly reports.

As a multinational enterprise, we operate in many different tax jurisdictions and frequently deal with intergroup transfers that involve cross-border payments within the group. To avoid potential tax issues with these internal cross-border transactions, we strive to use the same pricing structures for internal transactions as we use with independent parties. This policy of using "arm's-length pricing" (i.e., the same price for intergroup and independent transfers), ensures that we do not artificially shift profits to low-tax jurisdictions to gain unfair tax advantages.

We pursue a tax strategy that is sustainable, transparent, and supports Parsons' business priorities while maintaining our focus on SDGs. Parsons' tax structures follow various recommendations, including those of the Organization for Economic Cooperation and Development (OECD), to avoid unfair tax advantages, such as using hybrid business structures to artificially minimize tax liabilities. Parsons aims to support stable, transparent, and predictable tax systems that incentivize long-term investment and economic growth. We believe that operating within this framework creates a constant contribution to the advancement of the SDGs.

Tax Planning

In making commercial decisions, tax is addressed in the same manner as any other cost. Where there is more than one way of structuring a commercial business arrangement, we take a holistic view, considering all factors, including tax.

We may implement an alternative business arrangement that results in a lower tax cost, provided it is compliant with relevant tax laws and regulations. However, we will not enter arrangements to circumvent the stated purpose of the relevant tax rules. Parsons strives to keep tax cost at a proper level by using applicable tax incentives in accordance with the relevant tax regulations in each jurisdiction.

A group of dedicated tax employees (the tax function) is consulted on significant potential transactions, including acquisitions and dispositions, providing advice on the available preferred routes to minimize potential tax risk and cost. The tax function decides when to consult external advisors. The company recognizes that external tax advisors add value, particularly with respect to new legislation or where a potential transaction is of significant size or complexity. External advisors are used in a supporting capacity to provide additional guidance around particular risk areas, but the tax team reviews all this advice and is ultimately responsible for any conclusions.

Transfer Pricing

Parsons complies with OECD transfer pricing guidelines and local tax jurisdiction rules; the company sets transfer prices for intercompany transactions based on the arm's length principle. Parsons strives to pay appropriate amounts of tax in each operating jurisdiction, based on the value created by business activities.

On a regular basis, Parsons also evaluates whether the income and expense allocation appropriately corresponds with contributions made by the company's business units, based on the analysis of each unit's functions, risks, and assets. Parsons strives to prepare transfer pricing documentation in accordance with the relevant transfer pricing regulations in each jurisdiction where it has significant intercompany transfers.

TAX GOVERNANCE & RISK MANAGEMENT

Parsons is committed to complying with all relevant tax rules and regulations in a responsible manner and with due regard to governmental and broader stakeholder requirements. We intend to pay the legally required amount of tax at the right time and to comply fully with our tax compliance obligations in all territories in which we operate. We understand the importance of transparency. We strive to meet all external tax reporting and compliance requirements, and we do not use opaque or contrived corporate structures to hide or reduce the transparency of our actions. We do not use entities in tax haven jurisdictions to avoid taxes.

We're focused on ensuring that taxes and tax risks are managed to provide sustainable outcomes within the parameters of the company's strategic and commercial objectives, creating value for our shareholders. We recognize there is always some level of tax risk inherent in operating our businesses due to the general complexity of taxes, frequency of law change, scope for differing interpretations of tax law, and the breadth of taxes related to the company's activities. The company does not have predefined limits in place for the acceptable amount of tax risk. Instead, professional judgment is applied with knowledge of all relevant facts, circumstances, and local rules, considering the principles enumerated above, on an issue-by-issue basis. We emphasize strong internal controls, and the company's key tax risks are reviewed by the Audit and Risk Committee of the board of directors on an annual basis.

The responsibility for tax risk management and governance lies with the chief financial officer, with oversight by the company's board of directors. Day-to-day responsibility is delegated to the senior vice president, corporate tax, who is supported by dedicated tax function employees (collectively referred to herein as the "tax function" or "tax team") and certain personnel in the wider finance community. The company does not directly remunerate or incentivize its tax team based on their ability to minimize the company's tax liabilities.

Our approach to tax risk management follows the same principles that we apply to other business risks, by considering the following:

- Observation of applicable laws, regulations, and disclosure requirements
- Application of professional care and judgment to arrive at well-reasoned conclusions
- Ensuring that decisions are made at an appropriate level and are supported with documentation that evidences the facts, conclusions, and risks involved

Our tax team works to build and maintain cross-functional relationships spanning the entire business. Through this process the team promotes the tax strategy and seeks to identify and manage tax risk by using its knowledge of the company's operations and the principles set out above. The tax function works to ensure that informed tax decisions are made with respect to our business operations, both from local country and cross-border perspectives. It provides advice that is consistent with and reflects the company's commercial activities. The company does not engage in tax planning or tax structures that lack appropriate business substance.

The tax function consists of qualified tax and finance professionals, who always operate with integrity and professionalism. The tax function operates under the principle of continuous improvement and ongoing education to maintain an appropriate depth of up-to-date tax knowledge through access to a variety of educational, tax research, and professional tax news resources. The tax team oversees tax compliance activities across the company and actively manages ongoing examinations by local tax authorities as well as any potential disputes regarding tax matters.

Parsons' [Code of Conduct](#) (CoC) serves as an ethical framework for our approach to taxes and is effectively embedded within the tax strategy and across the tax organization. The CoC promotes a corporate culture of integrity, provides guidance, and details our expectation for everyone, including Parsons employees and all third parties we do business with, to act in a manner consistent with it. This ethical framework is fully embraced and supported by the Parsons Board of Directors, the Executive Leadership Team, and the entire tax organization. The result is a tax structure that is fully transparent and complies with internationally accepted taxation principles.

Our employees are required to speak up about any violation of Parsons' Code of Conduct or legal or regulatory requirements, and we make it easy for employees to report concerns under their name or anonymously. We count on our employees' participation to bring forward any questions, issues, or concerns about our business or business dealings,

including tax matters. Our Ethics Committee, chief ethics officer, EthicsPoint website, and EthicsPoint call center, as well as our managers and Human Resources organization stand ready to answer any questions and to investigate any issue or concern to ensure that we do the right things and that we do things right.

We're focused on ensuring that taxes and tax risks are managed to provide sustainable outcomes within the parameters of the company's strategic and commercial objectives, creating value for our shareholders. We recognize there is always some level of tax risk inherent in operating our businesses due to the general complexity of taxes, frequency of law change, scope for differing interpretations of tax law, and the breadth of taxes related to the company's activities. The company does not have predefined limits in place for the acceptable amount of tax risk. Instead, professional judgment is applied with knowledge of all relevant facts, circumstances, and local rules, considering the principles enumerated above on an issue-by-issue basis. We emphasize strong internal controls, and the company's key tax risks are reviewed by the Audit and Risk Committee of the board of directors on an annual basis.

STAKEHOLDER ENGAGEMENT ON TAX

Parsons maintains an open and collaborative professional relationship with tax authorities by complying with the relevant tax regulations and responding to inquiries from tax authorities in a prompt and courteous manner. The purpose of establishing and maintaining relationships with tax authorities is to enable efficient and cooperative responses to any tax issues and to avoid unreasonable taxation. Parsons may engage in policy discussions related to tax matters where they materially impact our business. Parsons provides regular information to our stakeholders, including investors, analysts, employees, and the general public, about our approach to tax and taxes paid.

Information Security Management

Parsons is committed to protecting the integrity, confidentiality, and availability of information; complying with legal and regulatory security requirements; and meeting all customer requirements while delivering effective and reliable customer solutions. Our Information Security Management System (ISMS) provides direction for continually ensuring the protection of information and meeting our security objectives. In recognition of our commitment to information security, our ISMS has been certified to ISO 27001:2013.

The Audit and Risk Committee is responsible for overseeing information security and is briefed at least quarterly on information security operations, security governance, risk and compliance, and mitigation measures to address risks related to Parsons' global operations portfolio. Our chief security officer, reporting to the chief technology officer, is the executive sponsor for our ISMS and has been designated the Insider Threat Program Senior Official (ITPSO). A monthly cyber threat briefing is held to inform company executives of Information Security operations, risk, and compliance.

Our ISMS spans multiple policies and procedures, including the following:

- *Information Security Management System Standard* – Information security objectives are defined in the ISMS Plan. Objective results are measured and tracked via the Continuous Monitoring Program. Outcomes are reported and reviewed at an annual ISO 20000-1 SMS and ISO 27001 ISMS executive management meeting and documented with the meeting agenda and minutes. The ISMS audit program is planned annually and documented in the Information Security Assessment Plan and Schedule (Confluence), including the information security processes to be audited, the timing of the audits, and identification of the auditors. These are defined in the Information Security Management Process Plan, and the Information Security Risk Management Process Plan, which are monitored via ISMS internal audits conducted according to the Internal Audit Plan and Schedule.
- *Enterprise Information Security Policy* – Parsons performs initial and periodic IT system and network risk assessments as part of the enterprise risk. Parsons:
 - performs initial and periodic IT system and network risk assessments as part of the enterprise risk management process and as input to the risk and vulnerability remediation process
 - performs periodic and independent security assessments to ensure compliance with legal, regulatory, and contractual requirements and determine remediation requirements and residual risk
 - controls access to audit logs

- maintains IT systems and infrastructure using approved and authorized personnel in a controlled manner that ensures the integrity and security of the systems and infrastructure
 - protects both digital and paper media in accordance with laws, regulations, and contractual requirements
 - controls and protects use of paper to prevent exfiltration of data
 - provides physical and environmental protection of all IT systems and networks
 - escorts, monitors, and authorizes the activities of visitors to facilities or secure areas while they are in the facility or secured area
 - authorizes, monitors, and controls shipping and handling of IT assets entering and exiting the facility.
- **Security Communications, Awareness, and Training Policy** – Parsons requires employees and contingency workers to be aware of security policies, procedures, principles, practices, and threats that impact Parsons’ facilities, personnel, systems, and information. Parsons’ personnel must also understand acceptable and legitimate business uses of Parsons-owned assets and any non-company assets they use to perform work or services for Parsons. Parsons provides immersive security awareness training to users of Parsons’ information systems and network resources and to persons who are responsible for the development, operation, and security of these systems. Training and awareness service extends beyond just traditional online learning modules and incorporates continuous campaigns to test the level of security awareness of our employees and target training in areas most needed.
 - **Security Incident Response Policy (IRP)** – The IRP is designed to focus on rapid incident response to security incidents impacting any Parsons business lines, locations, services, and regional divisions. The IRP describes Parsons’ Security Incident Response Program, including its approach to detecting, analyzing, prioritizing, and handling security incidents. Throughout an investigation, internal notifications and escalations are made based on the current incident categorization and severity to ensure that appropriate organizations and management are aware of the incident and its status.
 - **Cybersecurity Monitoring Procedure** – This procedure defines the operations, monitoring, detection, and analysis procedures for the Cybersecurity Operations Center to protect the enterprise and ensure that acceptable use policies are being followed. Major monitoring activities include systems and user activity monitoring, security event monitoring, privileged information system account monitoring, and monitoring in response to specific tasking.
 - **Business Continuity Management and Contingency Planning Policy** – Parsons develops, implements, and maintains a Business Continuity and Contingency Planning Program to identify, mitigate, respond to, and manage risks and events that may affect activities and resources that Parsons relies upon to deliver service to its customers and conduct its day-to-day business. Business continuity and contingency planning includes identifying and anticipating potential threats to our people, processes, technology, and facilities. Our policy is informed by ISO 22301:2012, NIST SP 800-34, and NIST 800-53.
 - **Data Center Policies** – Parsons has standards for data center equipment, facilities, and security. Additionally, Parsons has policies for data centers and use of cloud services, including the management and security requirements.

Parsons’ security services apply to Parsons Corporation and all Parsons businesses and subsidiaries worldwide, including joint ventures and similar partnerships managed by Parsons, and should be included in contractual agreements with third-party suppliers and service providers as appropriate. Parsons is also cognizant of all required disclosures related to cybersecurity incidents, and the chief security and risk officer reports all such incidents to the chief legal officer to ensure that all such reporting obligations are satisfied.

Data Protection & Privacy

Parsons’ Executive Leadership Team and our board of directors are committed to ensuring data privacy and protection through a robust, effective, and ethical Data Protection and Privacy Program.

Parsons’ privacy professionals maintain policies, procedures, and contract requirements consistent with applicable laws and regulations to ensure that confidential, personal, and health data are processed lawfully, fairly, and transparently; limited in time and scope as needed for legitimate business purposes; and in a manner that respects data subject rights

to notice, consent, access, correction, and deletion where applicable. Parsons' Information Governance and Security teams provide data protection and security controls, including the implementation of state-of-the-art technical and physical safeguards and access controls to protect the accessibility, confidentiality, and integrity of Parsons' controlled, sensitive, personal, and other data. Parsons' Compliance Team manages accountability, audits, training, and due diligence to consistently measure and enhance the Data Protection and Privacy Program.

PRIVACY AT PARSONS

Parsons collects and processes personal information from candidates and potential employees through a careers portal found on our [website](#). The [Website Privacy Policy](#) on that site defines when and why we collect personal information and how we secure, use, and protect candidate information. Parsons collects and processes personal information from employees for all purposes related to their recruitment, employment, and benefits facilitation. Parsons' Privacy Notice Standard and related policies and procedures are posted on Parsons' internal website and define when and why we collect personal information and how we secure, use, and protect employee information. Parsons also collects personal information through its contractors, vendors, and clients related to various projects and contracts that Parsons undertakes. Parsons ensures privacy compliance through appropriate contract terms and conditions.

For all data processed, Parsons engages a cross-functional Privacy Working Group to ensure that our organization complies with the following privacy principles:

- Parsons collects and processes personal information fairly and lawfully.
- Parsons obtains personal information only to carry out lawful business activities.
- Parsons limits access to and use of personal information.
- Parsons transfers personal information only for limited, legitimate purposes and to organizations that have agreed to enforce these privacy principals.
- Parsons uses appropriate security safeguards to ensure privacy.
- Parsons provides notice, transparency, choice, accuracy, deletion, and access as required by applicable law.
- Parsons does not market, sell, or trade personal information.
- Parsons recognizes the importance of privacy and holds itself accountable to information protection standards.
- Parsons respects every person's right to consent to and know what personal information Parsons collects.
- Parsons treats and protects personal information as private and controlled even when such information has otherwise been made available publicly.
- Parsons responds to and notifies appropriate individuals, authorities, and organizations in the event of a security breach involving personal information in accordance with all applicable laws and regulations.

Parsons' Information Governance & Security

Parsons adheres to standards and industry best practice controls to include NIST, ISO, or COBIT where applicable for privacy assurance governance and the protection of personal, confidential, and sensitive information:

- Parsons collects personal information from visitors to our public internet sites, such as Parsons.com, and to its facilities, but only with appropriate notices and/or consent.
- Parsons limits its collection and use of employee data, as well as access to that data, to that which is necessary for facilitating recruiting, employment, and benefits management.
- Parsons collects, stores, protects, uses, and shares personal information in accordance with written agreements or instructions from Parsons' clients or business partners (as applicable) and in accordance with Parsons' applicable policies and requires the same of its vendors, partners, affiliates, and contractors.
- Parsons' use of personal information received from vendors or other third parties, such as credit bureaus, is governed by written agreements and by applicable data protection and privacy laws that specify permissible uses and restrict disclosures of the information.
- Parsons ensures that all employees, contingency workers, agency workers, and other parties who handle personal information on behalf of Parsons are appropriately trained to do so. Parsons regularly evaluates and reviews the

performance of employees, contingency workers, agency workers, and other parties who handle personal information on behalf of Parsons.

- Parsons conducts periodic privacy assessments to identify risks, rate compliance, and determine overall effectiveness in ensuring privacy and protecting personal information in accordance with Parsons' Privacy Policy, Parsons' Privacy Procedure, and privacy principles (outlined above).
- Parsons is committed to effectively protecting transfers of personal information between Parsons' entities and authorized external entities associated with Parsons operating its business, including international transfers.

To implement the information governance standards, and to comply with both internal privacy policies and external laws/regulations, Parsons' Information Governance Team maintains administrative, technical, and physical safeguards to protect data, including confidential and personal information, from unauthorized access, use, disclosure, alteration, or destruction. Parsons imposes security appropriate to the risk represented by the processing and nature of the personal information, paying due regard to the state of the art and associated costs. Parsons requires the same level of controls from its vendors, suppliers, partners, and contractors. Parsons' Privacy Procedure describes Parsons' overarching procedures for protecting data and includes the following:

- Parsons has an Information Classification System that requires all data to be marked so that it can be managed and secured as appropriate based on the sensitivity of the data involved.
- Parsons has a Secure Handling Procedure that defines how all categories of data shall be handled.
- Parsons requires that employees, contractors, vendors, suppliers, and partners only store information on approved systems, store hard copies in secure areas, and ensure information is inaccessible to anyone not authorized to access or see it.
- Parsons requires that employees, contractors, vendors, suppliers, and partners ensure data is only shared for legitimate business purposes, with consent to share where required, and to verify that third parties have executed an agreement with Parsons that require them to abide by data protection standards equivalent to or stricter than Parsons, share information in a protected manner, and only share necessary information.
- Parsons retains personal information consistent with Parsons' records retention standards. Parsons' policies define processes for proper deletion of personal information.
- Parsons implements network management and maintenance applications and tools, appropriate fraud prevention and detection, and data confidentiality/protection/encryption technologies to include mechanisms to identify and remediate vulnerabilities and apply security patches and logically separate data.
- Data centers as well as facilities, including cargo handling, storage facilities, and workspaces, must be protected against unauthorized access. Physical access must be monitored, recorded, and controlled, with physical access rights reviewed annually.
- Supplier will maintain adequate controls around issuance and removal of employee, visitor, and vendor identification badges, if used.
- Any backup media containing Parsons' data stored at a site must be kept in a secure location with restricted physical access and be encrypted if technically feasible. If off-site media storage is used, media must have a check-in/check-out process with locked storage for transportation. Unless a disaster recovery (DR) program is otherwise set forth in more detail elsewhere in the contract document, we maintain a DR program for all information systems and facilities. The DR program includes a methodology by which a system can continue to function through an operational interruption or disaster.
- Parsons' data shall not be processed on personal accounts (e.g., individual email or cloud services accounts) or on personally owned computers, devices, or media.
- Parsons issues necessary information access mechanisms, including access identities (IDs) and passwords. Personnel are provided the minimum level of access necessary to perform the tasks and functions for which they are responsible. Users are provided individually assigned accounts that require periodic password changes in automated systems.
- Parsons implements multi-factor authentication for privileged users and remote access by all users.
- Parsons provides all users with easily implemented mechanisms for reporting potential system breaches, including phishing emails.

- Anyone who has access rights to Parsons’ systems who leaves the company or moves to another position that no longer requires such rights are immediately relieved of access.
- Parsons works independently and in conjunction with suppliers to collaborate on security monitoring and incident response, define points of contact on both sides, establish monitoring and response procedures, set escalation thresholds, and conduct awareness training.
- Parsons requests the right to audit privacy and security compliance from all suppliers, contractors, and vendors.
- Parsons maintains and enforces strict safety requirements.
- Upon termination of any contract, Parsons requests the deletion or return of all confidential, sensitive, and/or personal information.
- Parsons manages, tracks, and monitors all IT assets.
- Parsons has a detailed breach procedure that ensures compliance with breach notification and response in all jurisdictions where Parsons conducts business.

Parsons’ Compliance Team

Parsons’ Compliance Team ensures the adequacy, accountability, and continued improvement of our Data Privacy and Protection Program. It conducts vendor due diligence, regular audits, and training programs both annually and on an as-needed basis.

Parsons’ privacy assurance and compliance initiatives apply to Parsons Corporation and all Parsons’ wholly owned businesses and subsidiaries worldwide.

Breaches

If our Security Incident Response Plan determines that an incident has resulted in a breach, we notify affected individuals or organizations and perform breach notification reporting and timeline requirements specified by applicable laws, regulations, and corporate policies. Our Breach Notification Policy outlines the procedure steps and responsible Parsons individuals/organizations to determine required notification about the breach and how to remediate the cause of the breach. The response time and method of notification varies based on the classification of information and jurisdiction.

Table 49. Informational Security Breaches

Information Security Breaches	2020	2021	2022
Customer Privacy	0	0	0
Customer Data	0	0	1*
Net Expenses (\$ US)	0	0	0

* There was one cyber incident between May 30 to June 1, 2022, in which a third party exploited a previously undisclosed zero-day vulnerability on a single system on a small, non-integrated network of a Parsons subsidiary. Parsons cooperated with officials to minimize the impact of the incident, and the breach did not reach Parsons’ enterprise network.

SASB Index

Aerospace & Defense (A&D)

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS (A&D)

Accounting Metric	Category	Unit of Measure	Code
Energy Management			
(1) Total energy consumed, (2) percentage grid energy, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT-AE-130a.1
(1) Details of our total energy consumed is included the Energy discussion in this document. (2) In 2022, 59% of our total energy consumed was from grid energy. (3) In 2022, 0% of our energy consumed was from renewable energy.			
Hazardous Waste Management			
Amount of hazardous waste generated, percentage recycled	Quantitative	Metric Tons (t), Percentage (%)	RT-AE-150a.1
Detailed discussion in Waste			
Number and aggregate quantity of reportable spills, quantity recovered	Quantitative	Number, Kilograms (kg)	RT-AE-150a.2
Parsons has had no reportable spills.			
Data Security			
(1) Number of data breaches, (2) percentage involving confidential information	Quantitative	Number, percentage (%)	RT-AE-230a.1
Detailed discussion in Breaches			
Description of approach to identifying and addressing data security risks in (1) company operations and (2) products	Discussion and Analysis	n/a	RT-AE-230a.2
Detailed discussion in Data Protection and Privacy			
Product Safety			
Number of recalls issued, total units recalled	Quantitative	Number	RT-AE-250a.1
Not applicable; manufacturing of products is not material to Parsons.			
Number of counterfeit parts detected, percentage avoided	Quantitative	Number, percentage (%)	RT-AE-250a.2
Parsons completes due diligence on suppliers prior to onboarding including consideration for counterfeit parts in compliance with the Government Industry Data Exchange Program (GIDEP).			
Number of Airworthiness Directives received, total units affected	Quantitative	Number	RT-AE-250a.3
Not applicable; Parsons does not manufacture products subject to Airworthiness Directives and none have been received.			
Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative	Reporting currency	RT-AE-250a.4
Material legal proceedings are disclosed in our Form 10-K .			

Fuel Economy & Emissions in Use-Phase			
Revenue from alternative energy-related products	Quantitative	Reporting currency	RT-AE-410a.1
Parsons does not generate any revenue from vehicles, vehicle components, or stationary power generation and therefore no revenue from alternative energy-related products per SASB framework definition.			
Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	Discussion and Analysis	n/a	RT-AE-410a.2
The manufacturing and sale of products powered by fossil fuels is not material to Parsons.			
Materials Sourcing			
Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	RT-AE-440a.1
Procurement of critical materials is not material to Parsons. For those rare instances, we manage the supply risk by partnering with credible and trustworthy suppliers through long-term contracts. Detailed discussion of supply chain management in Supply Chain .			
Business Ethics			
Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade	Quantitative	Reporting currency	RT-AE-510a.1
Detailed discussion in Integrity, Compliance & Anti-Corruption . Material legal proceedings are disclosed in our Form 10-K.			
Revenue from countries ranked in the “E” or “F” Band of Transparency International’s Government Defence Anti-Corruption Index	Quantitative	Reporting currency	RT-AE-510a.2
Parsons considers this information to be confidential.			
Discussion of process to manage business ethics risks throughout the value chain	Discussion and Analysis	n/a	RT-AE-510a.3
Detailed discussion in Supply Chain .			

ACTIVITY METRICS (A&D)

Accounting Metric	Category	Unit of Measure	Code
Production by reportable segment	Quantitative	Number	RT-AE-000.A
Parsons does not produce products as defined by the SASB framework relevant categories: ground vehicles, aircraft, marine vehicles, vehicle and aircraft components, and space and weapons systems.			
Number of employees	Quantitative	Number	RT-AE-000.B
Detailed discussion in Workforce Metrics .			

TCFD Index

GOVERNANCE		
Describe the board's oversight of climate-related risks and opportunities	The Parsons board's Corporate Governance and Responsibility Committee has oversight of all ESG matters, including climate-related issues. The VP, ESG, provides quarterly briefs to the committee.	Climate Governance
Describe management's role in assessing and managing climate-related risks and opportunities.	Parsons' CEO has the highest responsibility for climate change. Our ESG Steering Committee, comprising leadership across corporate functions and business unit leaders, is led by the VP, ESG, who has primary responsibility for climate-related risks and opportunities.	Climate Governance
STRATEGY		
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate-related risks and opportunities and their impact are discussed in detail in this document.	Climate Strategy
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate-related risks and opportunities and their impact are discussed in detail in this document.	Climate Strategy
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	To evaluate our strategy's resilience, we considered a "Paris Agreement" 2°C or lower scenario in line with the 2015 Paris Agreement and a "Business as Usual" 4°C scenario.	Climate Strategy
RISK MANAGEMENT		
Describe the organization's processes for identifying and assessing climate-related risks.	Climate-related risks and opportunities are included in our Enterprise Risk Management (ERM) Program led by our EVP, corporate risk. Led by our VP, ESG, we perform workshops with our business units (BUs) and corporate functions to evaluate market- and geographic-based climate-related risks and opportunities.	Climate Risk Management
Describe the organization's processes for managing climate-related risks. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Through our overall ERM process, we conduct an annual risk assessment, including identification of risks, unmitigated risk, mitigation activities, mitigated risk, and action plans. The board's Audit & Risk Committee has risk oversight with quarterly updates from our SVP, chief security and risk officer.	Climate Risk Management
METRICS AND TARGETS		
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Parsons reports Scope 1, Scope 2, and material Scope 3 absolute emissions and emissions intensity. We also track and report the square footage of our leased home-office facilities, which is the main driver of our Scope 1 and Scope 2 emissions.	Climate Metrics and Targets
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	GHG emissions below are for 2022: <ul style="list-style-type: none"> • Scope 1 – 4,371 mtCO₂e • Scope 2 (Market-based) – 9,562 mtCO₂e • Scope 3 (Material) – 25,382 mtCO₂e 	Climate Metrics and Targets
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Parsons has committed to a 20% reduction of absolute Scope 1 and Scope 2 GHG emissions by 2025 from a 2019 baseline.	Climate Metrics and Targets



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