CREATING WITH CONSCIENCE

2022 Environmental, Social & Governance Report
About This Report

Parsons remains committed to clear and transparent reporting to our stakeholders, including on environmental, social, and governance (ESG) topics. To that end, we’ve published additional information on our ESG webpage, including disclosures referencing the Global Reporting Initiative, which takes a materiality-based approach. We’ve also posted our commitments, targets, policies, and much more.

Please note the data and metrics provided in this report include our subsidiaries and cover the time period from January 1, 2021, to December 31, 2021, unless otherwise stated. Additional information may be found in Form 10-K or the DEF 14A proxy statement filings submitted to the Securities and Exchange Commission (SEC). The baseline year for metrics is 2019, unless otherwise noted.

CORE VALUES

Inspired by our vision, driven by our mission, and underpinned by our core values, we continue to solve the world’s most complex challenges and deliver innovative infrastructure, defense, and security solutions to enable a world that is safer, smarter, more sustainable, and more secure. Through an unwavering commitment to our six core values, we continue to provide innovative solutions to our customers while consistently meeting our goals.

Safety  
Quality  
Integrity  
Diversity  
Innovation  
Sustainability
At Parsons, we’re dedicated to our mission of creating the future of national security and critical infrastructure. Creating that future means a commitment to creating with conscience—creating a safer, healthier, sustainable, more connected, more secure world. I’m excited to share our 2022 Environmental, Social & Governance Report with you, which illustrates how ESG is truly a core component of our culture and inherently embedded into our overall portfolio.

Through our ESG strategy, Cultivating a Responsible Enterprise, or CARE, we’re redefining the future for our customers, our workforce, and our shareholders. Practices that enhance sustainability, partner with the communities and local populations of where we live and work, ensure a commitment to ethics and compliance, and promote the tenets of diversity and a thriving workforce are at the heart of our “People First” approach. ESG is in our fabric, interwoven with our core values, and underpins who we are and how we operate.

Leveraging smart infrastructure advancements, like our Intelligent NETworks (iNET®) platform, to reduce greenhouse emissions; developing first-of-its-kind programs that address critical drinking water contamination like per-and polyfluoroalkyl substances (PFAS) compounds; leading remediation efforts across North America to clean up contaminated air, water, and soil for our customers and for future generations; and developing prescriptive and performance requirements for the Sustainability Management Policy for the longest cable-stayed bridge in North America to improve the conservation of nonrenewable resources, safeguard cultural resources, and protect the environment are just a few examples of how we’re integrating a commitment to ESG practices into how we operate and into the solutions we deliver to our customers every day.

As you’ll see throughout this report, we’ve implemented focused strategies with accountable metrics across our ESG enterprise. We established targets for enhancing gender diversity, improving ethnic/racial diversity, and reducing absolute Scope 1 and Scope 2 greenhouse gas emissions by 20 percent by 2025. We also updated our executive compensation policies to tie a portion of our CEO and other named executive officers’ annual bonuses to diversity, one of our critical core values. We’re committed to clear and transparent reporting on these initiatives, with many of those metrics and targets included here and on our ESG webpage, along with further disclosures, policies, and commitments.

These strategies are also driving recognizable results, with accolades from many distinguished awards for our hiring, diversity, and ethical business practices, including being named, in March of 2022, one of the World’s Most Ethical Companies by Ethisphere for the 13th consecutive year. These awards are tangible examples of our corporate culture, our core values, our dedication to sustainable practices, and our commitment to being an employer of choice, as you’ll read about in this report.

ESG and our core values are the foundation of our business. The proof is in our people. They believe in our core values, apply them every day, and inspire and empower each other to overcome the world’s toughest challenges. That’s something even bigger than a corporate culture; that’s a shared mission. I’m proud of how we at Parsons deliver on that mission and work tirelessly to create with conscience.

Carey Smith
Chairwoman, President, and Chief Executive Officer
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2021 IN REVIEW

For nearly 80 years, we’ve taken on some of the world’s biggest challenges by pioneering new methods and technologies to achieve things that many thought were impossible. Along the way, we’ve built a reputation for excellence and a culture deeply rooted in our core values.

- 17% reduction in Scope 1 and 2 GHG emissions¹
- 33% of directors are women²
- 13 years among World’s Most Ethical Companies
- 50% executive leadership diversity
- 13,122 volunteer hours (self-reported)

AWARDS AND ACHIEVEMENTS

- Among the Ethisphere Institute’s World’s Most Ethical Companies for the 13th consecutive year
- Recognized by the Human Rights Campaign Foundation’s 2022 Corporate Equality Index for active support and inclusion of the LGBTQ+ community
- 2021 CSO50 Award for information security practices from IDG’s chief security officer
- Sponsored the Modern Military Association of America Military Spouse Scholarship and 2021 Donna Johnson Equality and Valor Award, honoring the life and legacy of a former Parsons employee killed in the line of duty

1 Absolute reduction compared to 2019 baseline.
2 Effective April 14, 2022.
AWARDS AND ACHIEVEMENTS

We’ve been consistently recognized as a top employer for minority groups, women, and people with disabilities working in science, technology, engineering, and math (STEM) careers.

We’ve received multiple awards for exceptional project execution, operational excellence, and customer focus.

ACEC New York Diamond Award presented to New York City’s RFK Bridge Harlem River Drive North Connector Ramp as part of the 2021 Engineering Excellence Awards

Washington Exec Pinnacle Awards: DoD Exec of the Year and Contracts Exec of the Year

Prestigious Envision Platinum award from the Institute for Sustainable Infrastructure to Gordie Howe International Bridge for excellence in sustainable infrastructure

ACEC Awards:

Engineering Excellence Award for the Coffee Creek Fish Barrier Removal Project

Grand Pinnacle Engineering Excellence Award for the Route 7 Battlefield Parkway Interchange Design-Build
ESG STRATEGY

ESG practice is central to our identity, and in 2021 we launched CARE, Cultivating a Responsible Enterprise, our enterprise ESG strategy. CARE is rooted in our corporate purpose and nourished by our core values, aimed to enhance recruiting, retention, operational excellence, and shareholder value—in essence, what it takes to be a socially responsible business.

“Cultivating” speaks to purposeful growth regarding our culture. “A responsible enterprise” demonstrates that pursuing our quest purposefully extends to every corner of our business. Enhancing our transparency and accountability relative to ESG reinforces our commitment to drive positive impacts and solidifies our reputation as a company that genuinely does good work.

We’re proud of this commitment to ESG and have focused our efforts and initiatives in the material areas of environment, supply chain, recruiting and retention, and inclusion and diversity. This focus is woven throughout our global operations and is embedded in the delivery of services and solutions to our customers.

CARE Commitments

We believe that corporate success and social well-being are interdependent and that the long-term interests of our organization can only be supported by responsible economic, sociocultural, and environmental practices. We’ve committed to the following:

- Reducing absolute Scope 1 and Scope 2 GHG emissions by 20 percent by 2025
- Enhancing gender diversity in our global workforce
- Enhancing racial/ethnic diversity in our US workforce

Initiative Highlights

CLIMATE CHANGE

In 2021, we published a commitment to reducing our corporate greenhouse gas (GHG) emissions in alignment with the Paris agreement and Science-Based Targets initiative (SBTi) 2°C scenario and issued a revision to our Sustainability Policy, which clearly acknowledges our responsibility to mitigate the effects of climate change. We also engaged a third party to audit our GHG emissions calculation methodology to identify opportunities for continuous improvement. This resulted in the expansion of raw data collection for Scope 1 and Scope 2 emissions and the addition of several Scope 3 emissions categories to our inventory. Further information can be found in the “Greenhouse Gases” section of this report.

TALENT

In 2021, we launched a new quarterly talent review process focused on leadership succession, program manager evaluation, and leadership development. Enhancing our commitment to diversity, equity, and inclusion (DEI), we successfully launched six employee business resource groups to support and connect Parsons Black and African American, Hispanic/Latino, Asian and Pacific Islander, women, veterans, and people in LGBTQ+ communities. We’re excited to share that participation increased in our mentoring program by more than 13 percent, and we trained 260 leaders in DEI foundations to increase their awareness and knowledge of DEI topics. To promote well-being as COVID-19 continued to affect all of us in 2021, we lifted the cap on paid-time-off hours. And to top it off, we increased our hiring by 30 percent in the last four months of the year, and this momentum has continued into 2022. Further information can be found in the “Talent Management And Development” section of this report.

SUPPLY CHAIN

In 2021, we reviewed several policies and procedures as they relate to supply chain and procurement to capture ESG practices and policies and their alignment or compliance with our Code of Conduct for Business Partners and ESG disclosures. Our vendor-input process has been enhanced to screen all new suppliers for environmental criteria, such as the existence of environmental policies and practices, energy and water-consumption tracking, waste management, and GHG emissions reporting. We also track our spending with diverse suppliers, and in 2021, we allocated over 36 percent of our procurement dollars with diversity suppliers. Further information can be found in the “Supplier Diversity Program” section of this report.
We recognize our ability to drive positive environmental impacts through our work for clients and our own actions. We incorporate environmental sustainability into our project services and business operations using innovative processes, initiatives, and technology.
Greenhouse Gases

EMISSIONS CATEGORIES

Each year, we calculate greenhouse gas (GHG) emissions for the corporation in metric tonnes of carbon dioxide equivalent (MT CO₂e). We collect and aggregate data for Scopes 1, 2, and 3 categories, calculated in accordance with the specifications of the Greenhouse Gas Protocol (GHGp) standard and aligned with the International Organizational Standard ISO 14064-1.

The Scope 1 and Scope 2 GHG emissions calculations and methodology are consistent with the GHG Protocol Accounting and Reporting Standard. The calculations cover the following GHG-emitting activities:

- **Scope 1: Stationary Fuel Consumption** – the use of natural gas heating in Parsons office locations
- **Scope 1: Mobile Fuel Consumption** – the use of gasoline and diesel by Parsons’ vehicle fleet
- **Scope 2: Acquired Energy** – the use of electricity in Parsons office locations

The Scope 3 emissions calculations and methodology are consistent with the GHGp Corporate Value Chain (Scope 3) Standard. The calculations cover the following GHG-emitting activities:

- **Category 1: Products and Services** – the embedded emissions from acquired office supplies
- **Category 2: Capital Goods** – the embedded emissions from acquired long-lived electronic/information technology (IT) equipment
- **Category 3: Fuel and Energy** – the emissions released from the extraction, processing, and distribution of energy used
- **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 commuting by car, car pool, motorbike, bus, rail, and taxi

The distribution of GHG emissions for the scopes and categories described above show that Scope 1, 2, and 3 emissions constitute 9 percent, 25 percent, and 66 percent of Parsons’ overall emissions, respectively. Understanding this distribution allows us to evaluate, select, and implement the most effective decarbonization strategies over time.
CALCULATION BOUNDARY

We calculate GHG emissions for group 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 location. Operational-control reporting was chosen to ensure the emissions of Parsons offices are included in Scope 1 and Scope 2, regardless of ownership or leasing criteria.

Where we operate offices that are part of a larger commercial building, we consider the occupied space as within operating control and aggregate emissions accordingly. The activity data is either recorded directly from sub-meters or estimated based on the relative square footage of the Parsons office within the whole building.

Operational boundaries have been defined by reporting region as Eastern United States, Western United States, Canada, and International. The calculation methodologies are applied consistently across the base year (2019) and the subsequent reporting years (2020 and 2021) 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 percent of group emissions (structural change includes outsourcing, divestment, acquisition, or mergers).

CHANGES TO METHODOLOGY

We have compiled activity data across 27 global office locations, which represent 50 percent of the total Parsons home-office square footage. The recorded activity data is scaled to estimate 100 percent of office emissions based upon average natural gas and electricity usage per square foot.

In prior reporting years, the office data calculation was scaled using the recorded office employee headcount and the total employee headcount. However, given the variability in office occupancy, scaling by square footage is now deemed the more accurate calculation and will be used going forward. GHG emissions for the years 2019 and 2020 have been recalculated to ensure consistency with the current reporting year (2021). We continue to work toward full activity data collection for all offices and for all GHGp emissions categories (refer to the “Data Omissions And Estimates” section).

GHG EMISSIONS TRENDS

In 2021, Scope 1, 2, and 3 emissions totaled 46,276 MT CO₂e, consisting of the following: Scope 1 was 4,230 MT CO₂e (9 percent), Scope 2 was 11,474 MT CO₂e (25 percent), and Scope 3 was 30,571 MT CO₂e (66 percent). Aggregate emissions decreased by 5 percent in 2021 (compared to 2020) due to lower Scope 2 electricity use and a reduction in Scope 3 business travel emissions. Scope 1 and 2 emissions were 17 percent lower in 2021 compared to the baseline year (2019), demonstrating progress toward our 20 percent target reduction by 2025.

- **SCOPE 1**: Scope 1 emissions consisted of 883 MT CO₂e (21 percent) from the use of natural gas for office heating and 3,347 MT CO₂e (79 percent) from the use of fuel in Parsons vehicles. Scope 1 emissions increased by 2 percent year over year in 2021 due to a 13 percent increase in the use of natural gas, partially offset by a 1 percent decline in mobile fuel emissions.

- **SCOPE 2**: Scope 2 emissions consisted of purchased electricity at home-office locations, which accounted for 11,474 MT CO₂e on market-based calculations and 11,661 MT CO₂e on location-based calculations². Scope 2 emissions declined by 9 percent year over year in 2021 due to an 8 percent reduction in our leased office space (operational streamlining).

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1. The universal unit of measurement to indicate the global warming potential (GWP) of each of the six greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.

2. The “location-based” method uses an average emissions factor that relates to the grid on which the energy consumption occurs. The “market-based” method uses an emissions factor that is specific to the electricity purchased (as specified by the Greenhouse Gas Protocol).
**SCOPE 3:** Scope 3 emissions in MT CO$_2$e were a function of: products and services 224 MT CO$_2$e (1 percent), capital goods 2,270 MT CO$_2$e (7 percent), fuel and energy 4,023 MT CO$_2$e (13 percent), waste 4 MT CO$_2$e (<0.01 percent), business travel 7,707 MT CO$_2$e (25 percent), and employee commuting 16,342 MT CO$_2$e (53 percent). Scope 3 emissions declined by 4 percent year over year in 2021 due to a 7 percent decrease in business travel emissions and a 12 percent reduction in fuel and energy emissions (declines in electricity and mobile fuel use).

Our calculation also includes an accounting and reporting of the seven greenhouse gases covered by the Kyoto Protocol; i.e., carbon dioxide (CO$_2$), methane (CH$_4$), nitrous oxide (N$_2$O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF$_6$), and nitrogen trifluoride (NF$_3$), the overall impact of which is expressed in terms of carbon dioxide equivalents (CO$_2$e). Refer to the table on the right for the breakdown of emissions by the gases listed above.

**DATA OMISSIONS AND ESTIMATES**

We’re working to collect full activity data across all GHGp emissions categories; however, at present, we have partial data for the years 2019, 2020, and 2021, as follows:

- **Scope 1 Stationary Emissions:** Data collection for natural gas use has been recorded for 50 percent of total offices (by square footage). Missing data for the remaining 50 percent has been estimated based on natural gas use per square foot from reporting locations.

- **Scope 1 Mobile Emissions:** Mobile emissions data have been collected from all regions in 2020 and 2021. Mobile emissions data from North American operations was not available for 2019 and has been estimated based on 2020 data.

- **Scope 1 Refrigerants Emissions:** At present, refrigerant emissions are omitted from the calculations due to lack of activity data. We’re working to record net refrigerants use across all office locations.

- **Scope 2 Electricity Use:** Data collection for electricity use have been recorded over ~50 percent of total offices (by square footage). Missing data for the remaining 50 percent were estimated based on electricity use per square foot from reporting locations. We’re working to collect activity data from all office locations going forward.

- **Scope 3:** We’ve calculated six GHGp categories of Scope 3 emissions (Categories 1, 2, 3, 5, 6, and 7) and are working to assess the materiality of two additional categories (4 and 9). The remaining categories have been deemed nonrelevant (8, 10, 11, 12, 13, 14, and 15). Note: Where activity data for Scope 3 categories is unavailable, data from the nearest recorded year has been used. Data for Category 1, products and services, represents North America only.
Project Delivery And Innovation

In 2021, we continued to advance our core value of sustainability by delivering sustainable and resilient project solutions to our clients. Our subject matter experts are accomplished at developing, implementing, and tracking sustainability and resilience criteria throughout a project’s life cycle and documenting the achievements for third-party certifications (such as US Green Building Council Leadership in Energy and Environmental Design [LEED] certification and Institute for Sustainable Infrastructure Envision verification).

Our talented staff use proven methods to evaluate the most feasible and applicable environmental and 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. We lead the way in sustainable remediation solutions and are adept at guiding projects through life-cycle assessments to evaluate GHG emissions and other environmental impacts.

One of our key accomplishments in 2021 was the achievement of an Envision Platinum award for the Gordie Howe International Bridge project, a new 800-meter international bridge crossing over the Detroit River connecting the state of Michigan with the province of Ontario, with a new interchange with Interstate 75 and two new ports of entry. This will be delivered through a public-private partnership.

Acting as the Windsor–Detroit Bridge Authority’s (WDBA’s) general engineering consultant (GEC), we were responsible for the development and management of the sustainability process and technical performance requirements for the project developer. This included developing prescriptive and performance requirements to pursue LEED certifications for the US and Canadian Port of Entry plazas and Envision verification for the bridge across the Detroit River and the Michigan Interchange. The sustainability technical requirements outlined the required level of certification, mandated credits, administrative and personnel requirements, project deliverables by phase, comment/response process, and key performance indicators. We also assessed developer proposals for compliance with sustainability components, provided technical guidance to the design-build and operational teams, and oversaw the implementation and documentation of sustainability activities for the LEED and Envision certifications. Finally, our staff, along with the WDBA, made key contributions to the development of the Envision verification application, facilitating the achievement of a Platinum award from the Institute for Sustainable Infrastructure in December 2021.

WDBA’s Gordie Howe International Bridge received an Envision Platinum award. Parsons served as the GEC for this prestigious project.

Another example of sustainability excellence in project delivery is the Robert F. Kennedy (RFK) Bridge Harlem River Drive North Connector Ramp. Acting as the lead designer on the Judlau Design-Build Team for the Triborough Bridge and Tunnel Authority, this project resulted in decreased congestion and reduced noise pollution, eliminated 2,500 tons per year, and improved the quality of life in neighboring East Harlem, while providing a shorter and safer route for travelers. Delivered four months ahead of schedule, this milestone is particularly important because Central Harlem has some of the highest childhood asthma rates in the US. Reducing CO₂ improved both air quality and the well-being of the community.

The ACEC New York Diamond Award was presented to New York City’s RFK Bridge Harlem River Drive North Connector Ramp as part of the 2021 Engineering Excellence Awards.
Business Operations

SUSTAINABLE PROCUREMENT
Procurement records from our office-supply vendor for US operations show that 8.8 percent (by weight) of the total paper procured for use in the delivery of services was made using recycled content. Furthermore, 40 percent (by cost) of all office-supply purchases had one or more sustainability attributes, such as recycled content, bio-based material, low chemical content, or a sustainable forestry certification.

FLEET MANAGEMENT
Numerous challenges existed in 2021 regarding the management of vehicle fleets. Those challenges included a limited supply of new vehicles, used-vehicle prices increasing over 40 percent, and increased fuel prices. 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 projects with the greatest needs. Our team continues to plan for the future, with electric vehicles on the horizon and the necessary infrastructure to charge them. We have also documented a 7.1 percent decrease in fuel consumption in 2021 (383,364 US gallons) compared to the 2019 base year (410,653 US gallons).

FACILITIES OPTIMIZATION
We’ve implemented an aggressive portfolio-optimization initiative to right-size our footprint. Our objective was to take a granular look at every home-office facility and to ensure that each facility is properly sized to support business operations, while eliminating any underutilized space. To that end, our corporate real estate and facilities team analyzed every home office with upcoming critical junctions in the leasing timeline and tracked office utilization, occupancy, capacity, revenue generation, and other key metrics to leverage all opportunities to drive portfolio optimization. As a result, we observed a 16 percent cumulative reduction in our portfolio between 2019 and 2021.

WASTE DIVERSION
In 2021, our North American operations diverted 368,275 pounds of securely shredded paper (184.1 US tons), equivalent to preserving 3,090 trees or saving 920.7 cubic yards of landfill space. In addition, 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 2021, our North American operations recycled or repurposed a total of 1,079 notebooks, PCs, monitors, servers, and other electronics. This equates to 11.5 US tons of e-waste diverted from landfills.

FACILITY WATER USE
In 2021, we expanded the collection of water-use data to include more offices than just our headquarters location. During the reporting period, we collected water-use data for 42 percent of our total leased footprint. Total water use for the entire footprint was calculated by extrapolating based on our total area of leased home-office spaces, which amounts to 105,284 cubic meters (27.8 million gallons) of water consumed.

DATA CENTER REDUCTION
When we set out to modernize our data centers, in 2019, we recognized that information technology (IT) services traditionally consume a significant amount of energy. In 2020, we committed to a cloud-first approach to reduce our carbon emissions by moving most of our application portfolio to the cloud, which would reduce our US-based data center square footage and contracted power needs. Moving our IT services to the cloud helps us reach sustainability goals, because it allows us to maximize the effectiveness of available resources.

With the official close of our Dallas data center, in 2021, we moved 70 percent of our application portfolio (800 servers) to the cloud and retired 200 servers, significantly reducing our equipment needs. We also adjusted our square footage between two smaller data centers and reduced our contracted power needs by 11 percent. Applications and equipment that could not be migrated due to contractual or security requirements moved to the new, smaller, and more efficient data center in Virginia.

At the end of this migration project, we will have significantly reduced our global data center footprint by consolidating six physical data centers into two. By having two identical, smaller data centers, we also reduce business risk by introducing fallback disaster recovery through mirrored solutions. Our modern and efficient data centers are two-thirds of our original footprint and are revitalizing our IT infrastructure.
SOCIAL

We believe that our resilience—and that of the communities in which we live and work—relies 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 top 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.
Workforce

OUR PEOPLE

In 2021, we established a commitment to enhance gender diversity in our North American workforce. In 2022, we’re continuing our commitment to enhance racial/ethnic diversity in our US workforce, as highlighted in our Named Executive Officers compensation plans. Details of this plan can be found in our proxy statement filed with the Securities and Exchange Commission (SEC).

From 2020 to 2021, our overall workforce remained steady, with the majority of our staff (96 percent) being full-time employees. We also observed several increases in diversity within our US employee base, including a 5.3 percent increase in Black/African American, an 11.7 percent increase in Hispanic/Latino, an 11.1 percent increase in Hawaiian/Other Pacific Islander, and a 6.1 percent increase in employees who identify as two or more races. Gender diversity remained flat from 2020 to 2021.

For additional information on our workforce, please refer to our disclosure documents posted on our ESG webpage.

Global Workforce By Employment Type

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<tr>
<th></th>
<th>2019</th>
<th>2020</th>
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<tr>
<td>Full Time</td>
<td>93%</td>
<td>92%</td>
<td>96%</td>
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<tr>
<td>Part Time</td>
<td>4%</td>
<td>5%</td>
<td>4%</td>
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<tr>
<td>Other</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
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Global Distribution By Region

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<td>71%</td>
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<tr>
<td>Middle East</td>
<td>28%</td>
<td>10%</td>
<td>4%</td>
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<tr>
<td>Other</td>
<td>30%</td>
<td>1.0%</td>
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Workforce By Gender (North America)

<table>
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<tr>
<th></th>
<th>2019</th>
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<tbody>
<tr>
<td>Male</td>
<td>75%</td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td>Female</td>
<td>25%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>I Choose Not to Disclose/Blank</td>
<td>0.0%</td>
<td>1.0%</td>
<td>&lt;1.0%</td>
</tr>
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Workforce By Ethnicity/Race (US Only)

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<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>72.8%</td>
<td>68.7%</td>
<td>70.2%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>5.8%</td>
<td>8.3%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>12.5%</td>
<td>6.6%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Asian</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.5%</td>
</tr>
<tr>
<td>American Indian or Alaska Native</td>
<td>0.0%</td>
<td>0.4%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Native Hawaiian or Other Pacific Islander</td>
<td>0.0%</td>
<td>1.0%</td>
<td>0.0%</td>
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<tr>
<td>Two or More Races</td>
<td>10.2%</td>
<td>7.7%</td>
<td>10.3%</td>
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<tr>
<td>I Choose Not to Disclose/Blank</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.5%</td>
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EMPLOYEE CULTURE AND ENGAGEMENT

Over the last three years, we’ve focused on increasing the levels of innovation, collaboration, and overall agility within our organizational culture. This enables us to improve our ability to anticipate future changes in the industry and the broader world and to respond to those changes in a way that maximizes growth opportunities for the company. We ensure the continued health of the organization by intentionally building an entrepreneurial culture and optimizing internal processes and tools. This includes strategic hiring, acquisitions, and the development and promotion of internal talent.

Data from our annual pulse survey helps us understand the perception of our workforce in relation to those cultural attributes. This information also helps us identify areas where our culture is evolving and key strategic areas where we should continue to focus our energies, so we can improve employee engagement and the overall employee experience. The pulse survey data is critical in guiding our cultural journey to become a more dynamic, entrepreneurial, and creative place to work.

Increased communication and leadership engagement helped drive a higher participation rate the past two years compared to prior years, and our participation rate in 2021 was 41 percent.

We use the survey results to drive action planning through the organization and to coordinate and align broader employee initiatives. Data received in 2021’s employee survey showed that 73 percent of employees are satisfied with their employee experience. The data also clearly demonstrated that Parsons has a strong team culture and that managers play a critical role in supporting that culture. The survey data also highlighted an opportunity to improve our strategic communications and connect employees’ contributions to our strategic objectives. This resulted in the development of an action plan that includes strategic goal alignment, organizational action planning, and enhanced corporate leadership and management training designed to help improve employee engagement and the employee experience at Parsons.

Diversity, Equity, And Inclusion

DEI COUNCIL

Embracing diversity, equity, and inclusion (DEI) in all aspects of our business is fundamental to our corporate culture and vital to our continued growth and success. Established in 2017, our DEI Council consists of a diverse cross section of employees in the organization, representing different markets, regions, disciplines, and levels. Our DEI initiatives embody the unique qualities of our employees and encourage a workforce comprising people with different backgrounds, beliefs, and experiences. We’re proud of our continued efforts to foster a sense of belonging, such as the 2021 advancement of the Listen-Learn-Act program, an ongoing action plan developed in 2020 that demonstrates a continued commitment to diversity, equity, and inclusion that includes learning, employee business resource groups (EBRGs), focused outreach, communications, mentoring, and metrics.

Communications

▪ Let’s Get Awkward – a communication campaign designed to encourage frank dialogue about race, social justice, disabilities, gender, and LGBTQ+ issues

▪ Quarterly executive communications to update the workforce on our DEI journey

EBRGs

Formed to support and connect the diverse people who make Parsons a great place to work:

▪ BELONG: Blacks Engaging, Leading, Organizing, Nurturing, and Growing

▪ HOLA: Hispanic Origin and Latin American Network

▪ Parsons PRIDE Alliance (LGBQT+)

▪ PWR: Parsons Women’s Roundtable

▪ SOAR: Society of Oceanic and Asian Regions

▪ MILVET: Military and Veteran Community

Learning

▪ Conducted virtual DEI foundations workshops with 260 executives and leaders

▪ Introduced our DEI Leadership Playbook and DEI Discussion Guide

▪ Led and facilitated checkpoint workshops with DEI foundations workshop alumni

▪ Promoted DEI online courses in our employee communications

▪ Created a lending library for continuous learning on DEI-related topics
LGBTQ+
- Recognized by the Human Rights Campaign Foundation with a perfect score on its 2022 Corporate Equality Index for active support and inclusion of the LGBTQ+ community
- Partnered with the Modern Military Association of America
- Offered enhanced LGBTQ+ benefits
- LGBTQ+ criteria added to supplier diversity
- Sponsored 11th Annual Out in Science, Technology, Engineering, and Mathematics (oSTEM) Conference and career fair to promote LGBTQ+ STEM careers

Diversity Recruiting
We engage and partner with historically Black colleges and universities (HBCUs), minority institutions, and diverse national organizations.

SUPPLIER DIVERSITY PROGRAM
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 utilization of a diverse supplier base.

We consistently promote and sustain a diverse supplier base, as evidenced by the fact that, in 2021, we spent $617 million with diverse suppliers, which was 36.3 percent 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.

Note: Categories are not mutually exclusive.

Health And Financial Well-Being
As work culture evolves, we transform with it. Our goal is to meet the current needs of our employees while anticipating and providing for their future needs. We invest in our employees’ health and wellness because we know that people are our greatest asset. That’s why we offer benefits to enhance our employees’ quality of life, with packages that include major medical, dental, vision, and life insurance. In addition to our insurance offerings, we provide additional health and well-being benefits, such as employee assistance and wellness programs, at no cost to our employees. We’re also a strong proponent of a healthy work-life balance, providing employees with flexible paid holidays, paid time off (PTO), flexible work arrangements, and all-inclusive paid parental leave. Learn more on our Benefits webpage.

Enhancing Employee Benefits
We design our plans to be adaptable and support our employees through every stage of life. As we enhanced our health benefits, we also took a multipronged approach to provide our employees with crucial resources as we continued to navigate the COVID-19 pandemic together. In 2021, as we did in 2020, we provided
financial support to employees to augment childcare expenses due to school closures or hybrid school schedules. We also continued flexible work options and our PTO donation policy to support employees who don’t have the available PTO to take time off to care for a family member affected by the COVID-19 pandemic. In addition, we held COVID-19 and flu vaccine clinics at nine Parsons offices around the country. Other initiatives we’re proud to have launched in 2021 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 six 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.

Wellness For Life
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

Employee Assistance Program
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.

Flexible Work Options
We reimagined the workplace and introduced flexible work options (FWOs) in 2020, 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.

Parsons Scholarship Program
We sponsor both undergraduate and graduate scholarships for dependent children of Parsons employees. In alignment with our continued focus on diversity, equity, and inclusion, we’ve dedicated a portion of the funding to students studying at HBCUs or minority institutions.

Talent Management And Development
We’re maximizing individual and organizational potential by delivering an employee experience that values, encourages, and supports growth and opportunity.

RECRUITING
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:

- Veteran hiring – a dedicated military and veteran team for recruiting and outreach, and an EBRG, MILVET, that partners closely with the military and veterans hiring team to participate in attracting veterans to Parsons in the following ways:
  - The Base Ambassador Group, the Women’s Veteran Group, and the Spouse Group, all committed to support and outreach
  - Focus on Student Veterans of America chapters at Parsons-designated university partners
  - MILVET PRIDE alignment in support of the military LGBTQ+ organization, Modern Military Association of America
  - Support of the Native American veteran issue-solving organization, Hesperus

- University partnerships with HBCUs and minority institutions
- Continued focus on the Parsons internship program, offering a virtual and in-person approach in alignment with our flexible work options
- Internal Mobility team, ensuring our employees have an opportunity to grow within Parsons

Our investment in diversity, equity, and inclusion allowed us to focus on expanding our outreach efforts in 2021 and, in the United States, resulted in hiring 35 percent people of color, 26 percent females, and 26 percent veterans.

**EMPLOYEE RECOGNITION**

We’re a people-first organization dedicated to recognizing employee performance and promoting a culture of recognition. We’re immensely proud to maintain a formal employee recognition program that is 100 percent developed and maintained in-house—a rare accomplishment in our industry. Our approach to company culture emphasizes that recognition is a mindset.

We launched our Distinguished Recognition and Incentive (DRIVE) Program in July of 2019 to recognize, reward, and encourage high-caliber work. As of February 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—every employee is able to 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 Gives Back categories, rotate each quarter, 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. Each year, we create 2,000 specially designed core value coins and 250 CEO coins—similar to military challenge coins—for managers to employ for 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.

**LEARNING AND CAREER DEVELOPMENT**

In 2021, employees had access to a robust learning catalog of over 9,000 digital and virtual instructor-led professional development and compliance courses offered through our learning management system. Collectively, Parsons employees completed over 3,000 hours of coursework on DEI topics, 4,500+ hours of coursework on ethics, 8,000+ hours of coursework on safety, and 9,500+ hours of coursework on security. While we did see a reduction in average hours of training per employee from 2.9 in 2020 to 2.7 in 2021, we attribute this to COVID-19 impacts on in-person training. However, it also provided employees with a greater impetus to take advantage of our flexible, virtual approach to training to sharpen and grow their skills. We also continued to engage our employees in robust safety training and awareness activities that include important topics such as life-changing events, remote safety moments, distracted driving, COVID-19 protocol/safety, home and remote work safety, and mental health.
Career Paths
In 2021, we updated our Technical Career Path, which 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, coupled with an integrated competency model and Workday tools such as the Opportunity Graph, involves resources designed to improve the quality of manager-employee career discussions and, ultimately, career movement.

In collaboration with initiatives such as the Guild, a new technical community that supports skill development in our Defense and Intelligence business unit, the Technical Career Path provides a backbone for the growth of technical talent at Parsons.

Mentor Program
Our mentoring program, sponsored by the DEI Council, continues 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 307 in 2020 to 340 in 2021, and the number of executives participating as active mentors also grew, from 58 in 2020 to 96 in 2021.

Leadership Council
Our Leadership Council (LC) has served as a vital component of the company’s leadership development efforts since 1999. The overall mission of the LC is to bring new and different perspectives to corporate operations and strategic planning efforts to communicate how the corporation functions across the enterprise, and to provide leadership experience and development opportunities for high-potential employees. Since 1999, more than 100 topics have been researched and more than 200 employees have participated, many of whom have moved into executive and senior management roles within Parsons. Participants are nominated by senior management and approved by the CEO. They serve on the LC for a 16-month rotation. During their tenure, they participate in professional development courses and executive mentoring.

Performance Management
We use a year-round one-on-one (1:1) conversation model that encourages managers and employees to have regular, meaningful conversations to enable employees to reach their full potential while achieving Parsons’ goals and objectives. These 1:1 conversations drive performance, foster engagement, ensure organizational alignment, and promote career development.
Parsons Gives Back

Parsons Gives Back is an employee-driven program that serves the communities in which we live, work, and play. Despite the lockdown environment brought on by the COVID-19 pandemic, our employees found innovative ways to give back while staying apart. Our employees self-reported 13,122 hours of volunteer time in 2021. Charitable contributions, in-kind donations, and volunteerism directly correlate with improving quality of life while making the world a better place.

While our employees reported volunteer hours for a multitude of activities and organizations, our Parsons Gives Back program was primarily focused on the following three areas.

MILITARY/VETERAN PROGRAMS
We promote causes that assist and invest in the welfare and careers of our active-duty military, veterans, and their families.

EDUCATION/STEM OUTREACH
We provide our youth and underrepresented communities access to quality STEM programs to ensure that tomorrow’s visionaries are represented by a wide range of backgrounds.

VIBRANT COMMUNITIES
We volunteer in and contribute philanthropically to communities to make them better and more inclusive for all and to improve access to much-needed resources in underserved areas.

We want to make a positive impact on the world. That’s why each year, as part of our holiday wishes, our employees select charities to support.

In 2021, the charities we supported included the following:
- The Nature Conservancy
- Save the Children
- Girls Who Code

To learn more, visit the Parsons Gives Back webpage.
GOVERNANCE

We’re committed to the highest standards of integrity in everything we do. We expect our suppliers, partners, and vendors to conduct themselves with the same high standards.
Corporate Leadership

BOARD OF DIRECTORS
Our highest governance body is the Parsons Board of Directors (BOD), which consists of nine members as of April 14, 2022. The chair of the board is also the CEO of the company, and the remainder of the board consists of independent members, with a lead independent director. There are currently three committees, each with its own charter—one of which is the Corporate Responsibility and Governance Committee, which oversees topics related to environmental, social, and governance (ESG). This committee is 100 percent independent, and ESG topics are briefed to the board each quarter. Additional information on our BOD and governance structure can be found on our Governance webpage. BOD committee charters and policies, and relevant Securities and Exchange Commission (SEC) documents, can be found on our Investors webpage.

EXECUTIVE COMPENSATION
In 2021, executive compensation was based upon financial goals (90 percent), with the remaining 10 percent tied to our core values of sustainability, diversity, innovation, quality, safety, and integrity.

Commencing in fiscal year 2022, our named executive officers’ annual bonuses will be based on Parsons’ performance against financial goals (90 percent of overall target bonus opportunity) and performance against nonfinancial, strategic qualitative goals aligned with enhanced gender and racial/ethnic diversity (10 percent of overall target bonus opportunity). Details on this plan can be found in our proxy statement.

Corporate Policies And Guiding Principles

CODE OF CONDUCT
Integrity is a Parsons core value, and we’re committed to ethical practices in everything we do. Our award-winning program ensures our people engage in and promote ethical behavior and compliance with laws and regulations where we operate. All Parsons employees are required to certify to our code of conduct and to file conflict-of-interest disclosures at onboarding and biennially thereafter. In addition, the Parsons BOD, 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. 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. Our code of conduct, standards of ethical conduct for business partners, governance guidelines, and further information on our ethics programs, such as our 24-hour Ethics Helpline, our political action committee, details regarding trade compliance and anti-corruption, and our privacy policy, can be found on the ESG webpage.

INFORMATION SECURITY
We provide broad-spectrum information security services and technologies to our clients and leverage those same services and technologies inside our own company. The board receives quarterly updates through the Audit and Risk Committee, which is 100 percent independent. Our world-class Security Operations Center provides continuous monitoring of information systems to detect and respond to cyber events. In addition, we also provide ongoing global cybersecurity awareness throughout the year, annual training to all employees, and supplemental online training courses. This training outlines key responsibilities and focuses on ways employees can help ensure the security of our systems, information, facilities, and personnel. We also provide annual role-based security training to targeted groups, such as users with privileged accounts and security professionals who are engaged in attack prevention, exposure avoidance, breach detection, incident response, compliance, risk management, governance, information assurance, and physical security. Additionally, we maintain a continuous ISO 27001 (Information Security Management Systems) certification. Further information regarding information security and risk is outlined in the “Governance” section of the ESG webpage.

RISK MANAGEMENT
We maintain an enterprise risk management (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 continuously monitor 27 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. Consult our annual SEC report for additional information.

**SUSTAINABILITY AND CLIMATE CHANGE**

We define sustainability as the creation or enhancement of environmental, economic, and social balance, as realized through client deliverables, business activities, employee actions, and community engagement. Our corporate sustainability and climate change policy, endorsed by our CEO, sets the vision for this core value and our company. The policy contains a commitment to providing sustainable and resilient solutions for our customers and in our business operations, and 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. As of 2021, the policy was revised to acknowledge the risks that climate change poses to the natural environment, human health, and the economy and our responsibility to help mitigate its effects. It was also clarified in our commitment to setting ESG metrics and targets to track social, environmental, and economic sustainability performance and report them publicly via our ESG report and other frameworks. Further information regarding our sustainability policy is provided in the “Environment” section of the ESG webpage.

**SAFETY, HEALTH, AND ENVIRONMENT**

Our world-class approach to safety, health, and the environment (SH&E) makes it imperative that all employees and stakeholders actively engage in, and be responsible 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 was updated in 2021 to improve the user experience and accessibility, and we’ve created a new knowledge-share portal to ensure that relevant information is accessible to all employees. We continue to engage our employees in robust training and awareness activities that include important topics, such as life-changing events, remote safety moments, distracted driving, COVID-19 protocol/safety, home and remote work safety, and mental health. From 2020 to 2021, we observed a decrease in our global total recordable incident rate from 0.30 to 0.23. Learn more about our safety policy here.

**PROCUREMENT AND SUPPLY CHAIN**

At Parsons, we collaborate with our subcontractors and suppliers to deliver innovative solutions that meet and exceed our customers’ expectations. We procure a wide variety of products and services in support of our customer programs through efficient and cost-effective practices. We make our core values the heart of every successful project, and we expect subcontractors and suppliers to do the same. Suppliers are expected to comply with our standards of ethical conduct for business partners and are vetted in accordance with our compliance policies and applicable regulatory requirements. All suppliers are required to provide information on sustainability, diversity, security, and other areas, as applicable. More information is available on our Suppliers webpage.

**DIVERSITY, EQUITY, AND INCLUSION**

We pursue diversity, equity, and inclusion in our workforce, our business units, our suppliers, and our services, because we recognize that optimum solutions require perspectives that result from many different backgrounds. We’re committed to honoring each employee’s unique voice and empowering them to be their authentic selves at work. Our employees are our greatest resource, and in an open-minded and inclusive environment, they can and will shape the future of the corporation through collaboration and innovation as we deliver a better world. We endeavor to create an environment where everyone feels welcome, and our corporate diversity, equity, and inclusion (DEI) policy reflects this commitment. Learn more on our DEI webpage.