

**PARSONS CORPORATION**  
**CORPORATE GOVERNANCE GUIDELINES**

**I. Board of Directors**

The business and affairs of the Corporation are managed under the direction of the Board of Directors. The Board represents the interests of the Employee Stock Ownership Plan in optimizing the Company's long-term value by providing oversight of management performance in the operation of the Company. The Board's responsibilities in performing this oversight function include a duty of care and a duty of loyalty. It discharges its obligations through various committees and as a whole, through regular and special meetings throughout the year. It appoints the Chief Executive Officer and other senior officers of the Corporation.

**II. Director Responsibilities**

A Director's duty of care refers to the responsibility to exercise appropriate diligence in overseeing the management of the Corporation, making decisions and taking other actions. In meeting the duty of care, Directors are expected to:

- Attend and participate in Board and Committee meetings. Personal participation is required.
- Remain properly informed about the Company's business and affairs. Directors should review and devote appropriate time to studying Board materials.
- Rely on others. Absent knowledge that makes reliance unwarranted, directors may reasonably rely on Board committees, management employees and professional advisors.
- Make inquiries. Directors should make inquiries about potential problems that come to their attention and follow up until they are reasonably satisfied that management is addressing them appropriately.

A Director's duty of loyalty refers to the responsibility to act in good faith and in the Company's best interests, not the interests of the Director, a family member or another organization with which the Director is affiliated. Directors should not use their positions for personal gain.

In addition to the above responsibilities as members of the Board, the Chairs of the Board Committees are expected to:

- Set the tone for Committee work
- Ensure that Committee members have the information needed to perform their duties
- Oversee the logistics of the Committee's operations
- Report to the Chairman of the Board, and to the full Board on Committee decisions/recommendations

- Work closely with the CEO and other staff as agreed to by the CEO
- Assign work to Committee members, sets agenda and leads meetings, and ensure distribution of meeting minutes
- Initiate and lead Committee's annual evaluation

### **III. Board Leadership**

#### **A. Selection of Chairman & CEO**

The Board of Directors annually selects the Chairman of the Board and the Chief Executive Officer of the Corporation, and may terminate either position at its discretion. At times, these positions may be combined and at times they may be separated; currently, the positions are combined. The Board considers the combination or separation of these offices in its annual selection of the Chairman and the CEO and as part of the succession planning process, and reserves the right to make this determination on a case-by-case basis as it deems appropriate in light of existing circumstances at the time the decision is made.

#### **B. Lead Independent Director**

During those times when the positions of Chairman and CEO are combined, the independent directors shall elect a Lead Independent Director from among themselves. The Lead Independent Director shall serve an initial three year term, and may be re-elected to the position thereafter to successive like terms by the independent directors. The Lead Independent Director shall have the following duties:

- Chair meetings of the Board when the Chairman is absent
- Call meetings of the independent directors as necessary or appropriate and chair all such meetings, including all executive sessions of the Board
- Facilitate communications between the independent directors and the Chairman
- Advise the Chairman as to the appropriate schedule of Board meetings, and review and provide the Chairman with input as to the agendas for such meetings
- Review the quantity, quality and timeliness of information provided to the Board
- Be available for consultation with Corporation shareholders
- Perform such other duties as the Board may from time to time determine.

## **IV. Selection and Composition of the Board**

### **A. Number of Directors**

The number of directors is established by the Corporation's bylaws as between 8 and 12 directors, with the actual number set by the Board from time to time. The current number of directors is 11.

### **B. Qualifications; Independence**

The Nominating and Governance Committee of the Board has adopted a Board of Directors Position Description, describing the duties and responsibilities of a Board member, including the additional duties of a Board Committee Chair, and the qualifications and personal characteristics required of a potential Board member.

A majority of Directors are independent Directors. The Board has adopted a definition of an "independent Director" consistent with the New York Stock Exchange and NASDAQ definitions, and makes an annual determination of each Director's independence.

An "independent Director" is a Director that the Board of Directors has determined has no material relationship with the Corporation, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation. A relationship is "material" if, in the judgment of the Board of Directors, the relationship would interfere with the Director's independent judgment. In making independence determinations, the Board of Directors shall consider each relationship not only from the standpoint of the Director, but also from the standpoint of persons and organizations with which the Director has a relationship.

A Director is not independent if:

(i) The Director is, or has been within the last three years, an employee of the Corporation, or an immediate family member is, or has been within the last three years, an executive officer, of the Corporation.

(ii) The Director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Corporation, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); provided, however, that compensation received by a Director for former service as an interim Chairman or Chief Executive Officer or other executive officer need not be considered in determining independence under this test. Additionally, compensation received by an immediate family member for service as an employee of the Corporation, other than as an executive officer, need not be considered in determining independence.

(iii) (A) The Director or an immediate family member is a current partner of a firm that is the company's internal or external auditor; (B) the Director is a current employee of such a firm; (C) the Director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the Director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Corporation's audit within that time.

(iv) The Director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Corporation's present executive officers at the same time serves or served on that company's compensation committee.

(v) The Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

### **C. Change of Position**

A Director whose primary job position changes from that which he or she occupied at their most recent election to the Board must notify the Board of such change and must tender his or her resignation from the Board. The Nominating and Governance Committee determine whether the effect such change in job position has on the Director's ability to fulfill his or her obligations to the Board, and will recommend to the full Board whether to accept or reject the offered resignation.

A person holding the position of Chief Executive Officer of the Corporation who is also a Board member must tender his or her resignation from the Board at the same time as his or her tenure as CEO ends, provided, that it is within the discretion of the Board to accept or reject such resignation.

### **D. Director Tenure, Retirement and Succession**

The Board of Directors is a staggered Board, comprised of three classes of Directors, with as nearly equal number of Directors in each class as possible. At each annual meeting of shareholders, one of the three classes of Directors is elected, for a three year term. A Director shall retire from the Corporation's Board at the next annual shareholder's meeting after he or she has reached the age of 72. In addition, a non-employee Director shall retire after 15 years consecutive service as a Director, but may be re-elected to the Board after a one-year hiatus.

A Director who resigns or retires prior to the completion of his or her term may be replaced by a vote of a majority of the Directors still in office. The newly appointed Director shall hold office until the next election of the class of Directors to which he or she was appointed.

A Director may be removed for cause by the vote of two-thirds of the shareholders entitled to vote at a special meeting called for the purpose.

### **E. Service on other Boards**

The Board has not set a maximum number of other Boards on which Directors of the Corporation may serve. Each Director must decide whether he or she can continue to meet his or her duty of care to the Corporation prior to accepting a position on another company's board of directors, and should notify the Chair of the Nominating and Governance Committee and the Chairman of the Board prior to accepting an invitation to serve on another board. In addition, each Director must disclose its membership on other boards of directors to the Board on an annual basis, and the Board may determine that the number of boards on which a Director sits impairs the Director's ability to be an active, contributing member of the Board of the Corporation.

## **V. Board Meetings**

### **A. Frequency of Meetings**

The Board currently holds four regularly scheduled meetings per year. One of the regularly scheduled meetings is an extended two-day meeting to review the strategic direction of the Corporation. The Board also holds special meetings as needed throughout the year.

### **B. Agenda of Meetings**

The Chairman of the Board establishes the agenda for each meeting, in consultation with the Lead Independent Director. In addition, the Chairman, in consultation with the Chairman of each Board Committee, establishes the agenda for each Committee meeting. Any Board or Committee member may suggest additional items for the agenda, and any Board or Committee member may bring up any matter that is not on the agenda for discussion and action at any meeting.

### **C. Distribution of Materials for Board Meetings**

To the extent practicable, materials to be considered at Board or Committee meetings are distributed prior to the meeting to give Directors the opportunity to review such materials before the meeting.

### **D. Executive Sessions**

The Board regularly holds executive sessions without attendance of employee directors immediately after regularly scheduled Board meetings, and after special meetings if the circumstances require. In addition, each Board Committee holds an executive session immediately after a Committee meeting, without the presence of employee directors, as the Committee determines may be required.

### **E. Access to Senior Management and Outside Advisors**

The Board and any Committee of the Board, as a whole or through individual Directors, has the authority to reach out to any of the Corporation's senior management to discuss or investigate any matter it wishes to pursue. In addition, the Board and any Committee of the Board may retain outside legal counsel or other outside advisors whenever it deems necessary or advisable to do so.

## **VI. Board Committees**

### **A. Number of Committees**

The Board is required by its bylaws to establish a Nominating and Governance Committee. The Board also may create any additional committees it deems necessary or advisable. Currently, the Board

has four committees: the Nominating and Governance Committee; the Audit Committee; the Compensation Committee; and the Executive Committee.

Each Committee has a written charter setting forth the duties of the Committee, the minimum number of members for the Committee, and the requirements for conducting meetings of the Committee.

(i) Nominating and Governance Committee – Among other duties, the Nominating and Governance Committee shapes the Corporation’s governance policies; recommends the slate of director nominees for election at the annual shareholders’ meeting; identifies qualified candidates for new membership on the Board of Directors; reviews the appropriateness of the size and composition of the Board; establishes criteria for determining Director independence; recommends the composition of each of the Board Committees and the Chair of each Committee for the consideration of the full Board; and reviews the long-term succession planning for the Chairman, the Chief Executive Officer and the President of the Corporation. The full duties of the Nominating and Governance Committee are set forth in the Committee’s charter.

(ii) Audit Committee – Among other duties, the Audit Committee selects the independent accounting firm to act as external auditor of the Corporation and sets the terms of the firm’s engagement; it selects the head of the internal audit function within the Corporation; it reviews the reports of the external and internal auditors; it reviews and approves the Corporation’s Code of Conduct and the policies and procedures implementing the Code; it reviews the Corporation’s reporting systems and practices and its internal financial controls; it reviews the Corporation’s risk assessment and risk management guidelines and policies; it reviews the Corporation’s fraud prevention policies and procedures and its litigation risk exposure. The full duties of the Audit Committee are set forth in the Committee’s charter.

(iii) Compensation Committee – Among other duties, the Compensation Committee reviews and approves the benefit and incentive plans of the Corporation; the salary, bonus and other benefits of the senior executives of the Corporation; and the compensation for outside directors. The full duties of the Audit Committee are set forth in the Committee’s charter.

(iv) Executive Committee – The Executive Committee, with certain enumerated exceptions, has the power to act in the place of the full Board. Among its specifically enumerated duties, it reviews key actions of to be taken by the Corporation, including acquisitions and divestures; and provides counsel to the Chairman regarding business issues of the Corporation. The full duties of the Executive Committee are set forth in the Committee’s charter.

## **B. Committee Membership**

The charter of each Committee provides that the Committee must have at least three members. Currently, the Nominating and Governance Committee has six members and the other three Committees each have five members.

The charters of the Audit Committee and the Compensation Committee provide that all members of the Committee must be independent Directors. The charter of the Nominating and Governance

Committee provides that a majority of its members must be independent Directors. The Executive Committee is comprised of the Chairs of each of the other Committees, plus the Chairman of the Board.

The Nominating and Governance Committee is charged with recommending Committee appointments to the full Board, which approves the assignments on an annual basis.

### **C. Committee Meetings**

The Audit Committee is required by its charter to have at least three meetings per year. The Compensation Committee is required by its charter to have at least two meetings per year. The Nominating and Governance Committee and the Executive Committee meet as determined by their Chairs.

The Chair of each Committee sets the agenda for the Committee meeting, in consultation with the Chairman of the Board. Directors who are not members of a Committee are invited to attend the Committee meetings as non-voting observers.

## **VII. Director Compensation**

Employee Directors are not compensated for their service as a member of the Board. A fixed sum and the payment of expenses have been approved by the Board to compensate non-employee Directors for attendance at regular and special board meetings. The amount of compensation is reviewed periodically by the Compensation Committee of the Board, with the assistance of an outside compensation consultant.

## **VIII. Director Orientation and Continuing Education**

An orientation session is held for all new members of the Board, to review the history of the Corporation, its current business activities, its risk profile and its strategic plan for the future growth of the Corporation. Directors are encouraged to participate in continuing education programs to assist them in the performance of their duties as Directors of the Corporation. In addition, the Corporation periodically provides training to the Board on matters of significance to the Corporation.

## **IX. Board and CEO Evaluation**

The Board undertakes an annual evaluation of its performance, lead by the Chairman of the Nominating and Governance Committee. In addition, each Committee of the Board undertakes an annual evaluation of the Committee's performance and of the adequacy of its charter.

The Compensation Committee undertakes an annual evaluation of the Chief Executive Officer. This review is undertaken as part of the Board's determination of the annual compensation of the CEO.

### **VIII. Management Succession**

The Nominating and Governance Committee of the Board on a periodic basis reviews with the Chairman of the Board and the Chief Executive Officer both the long-range and the short-term succession plans for the position of Chairman, Chief Executive Officer and President.

### **IX. Review Of These Guidelines**

The Nominating and Governance Committee shall review these guidelines on an annual basis, and recommend any changes it deems necessary or advisable to the Board for consideration and approval.