



2022

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE Report

2022 ESG Report

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# INTRODUCTION

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INSPIRING THE PERFORMANCE OF TOMORROW

# A MESSAGE FROM Our President & CEO

It is my pleasure to introduce the 2022 ESG report for VSE Corporation. We welcome the opportunity to outline how ***We deliver trusted solutions to inspire the performance of tomorrow*** by serving all of our stakeholders - our employees, communities, customers, suppliers, industry partners, and valued shareholders.

At VSE Corporation, we understand our responsibility to prioritize sustainability and ethical business practices. We believe that ESG considerations are integral to our long-term success as a business and industry, and we are committed to transparency and accountability in our ESG performance. We have evaluated ESG considerations with respect to our business strategy and operations and are proud of the progress we have made to support these issues.

**Environmental Responsibility:** We recognize that our operations have an impact on the environment and we are committed to mitigating negative effects and making a positive contribution in these areas. Both our maintenance, repair and overhaul (MRO) operations and our parts distribution services support environmental sustainability by prolonging the useful life of parts and components and redeploying them in the market. We are implementing sustainable practices across our operations, such as reducing waste and conserving energy at our VSE facilities. As part of our ongoing efforts to deepen our understanding of our current and potential sustainability impacts, we continue to explore ways to reduce our carbon footprint and to collaborate with our industry partners with a joint focus on environmental responsibility.

**Social Responsibility:** We understand the importance of our role in the communities in which we operate, and we are committed to being a responsible corporate citizen. We've built a strong culture of accountability, communication and teamwork in support of our VSE Core Values: Own It, Customer Obsessed, Results Matter, Speak Up, and Better Together. Our team members are the heart of our business, and their demonstration of these VSE Values is a key differentiator in every market we serve. In support of our diverse teams across the world, we have made great strides in promoting diversity, equity, inclusion and belonging within our employee base and board of directors, and we are committed to creating a workplace that is safe, respectful, and supportive for all. As a collective, our 2000+ employees recognize that our success is inextricably linked to the well-being of the communities in which we operate, and we prioritize building strong relationships



with our local communities through volunteering and charitable donations. We are pleased to share a sampling of this wide-ranging engagement within this report.

**Governance:** At VSE, we place a high value on strong corporate governance practices, which we believe are essential to building trust, maintaining credibility, and ensuring sustainable growth. We uphold a strong commitment to ethical business practices and operate with a culture of transparency and accountability that prioritizes the long-term interests of our company and our stakeholders. This includes ensuring that our board of directors provides effective strategic oversight, that management is held accountable for its actions, and that there is clear communication and disclosure of relevant information to investors and other stakeholders. We have long-established comprehensive policies and procedures to ensure compliance with legal and regulatory requirements and industry best practices.

We will continue to prioritize ESG considerations in our decision-making and operations, as we recognize that this is an ongoing investment and evolution. We are proud of our ESG enhancements over the past year, and we remain committed to continuous improvement in all areas.



**John A. Cuomo**

President & CEO | VSE Corporation



# ABOUT VSE Corporation

VSE improves productivity, increases uptime and keeps our customers running as an industry-leading **AFTERMARKET SUPPORT PROVIDER FOR TRANSPORTATION ASSETS, AND A SUPPLY CHAIN DISTRIBUTION AND MRO SERVICES PROVIDER.**

We deliver parts and provide maintenance and repair services that keep global transportation moving, and commercial and federal operations running. In addition, our teams provide energy consulting services, data management solutions, engineering, and other sustainment services to liberate our customers to focus on their core mission.

## VSE is:

- Industry Leading Aftermarket Support for Transportation Assets
- Supply Chain Distribution and Maintenance Repair and Overhaul (MRO) Business

## SUPPORTING:

- Commercial + Business & General Aviation Markets + Rotorcraft
- Automotive + Fleet
- Federal + State Governments
- Military + Defense



# SEGMENT SPECIFIC

## Capabilities



- Commercial and business & general aviation (B&GA) proprietary product distribution
- Engine Accessory MRO
- Component MRO including hydraulics, pneumatics, avionics and interiors
- Rotable exchanges and sales



- High-duty cycle, Class 4-8 (medium to heavy) vehicle parts distribution
- Just-in-time supply chain management
- E-commerce & e-commerce fulfillment
- Customized fleet logistics & IT solutions
- Technical support, engineering, sourcing, warehousing & kitting
- Private label products



- Transportation asset MRO services
- Logistics, procurement & supply chain support
- Engineering & technical solutions
- Base operations support
- Transportation & freight services
- IT & Clean energy consulting services

# VSE CULTURE

## Our Core Values

VSE Corporation's core values present the guiding principles for everything we do to drive a business and employee culture. Our core values are centered around open dialogue, teamwork, accountability and achievements and provide our stakeholders a roadmap for a positive culture development and business value.



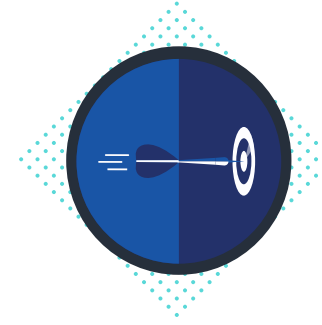
**SPEAK UP**



**CUSTOMER OBSESSED**



**RESULTS MATTER**



**OWN IT**



**BETTER TOGETHER**





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# ENVIRONMENTAL

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INSPIRING THE PERFORMANCE OF TOMORROW

# ENVIRONMENTAL SUSTAINABILITY

## Our Approach

At VSE, we are committed to environmental sustainability. We are evaluating our environmental footprint across all of our business segments and working with our industry partners to develop strategies to manage not only our environmental impact, but to improve that of our industry as a whole.

VSE supports environmental sustainability through our maintenance, repair, and overhaul (“MRO”) services for equipment, ships, vehicles, and aircraft (including related components and accessories). Our network of MRO service providers prolong the useful life of parts and components by restoring them to a functional state and redeploying them in the market.

Additionally, our businesses supply used, functional parts in the aftermarket through our parts distribution pipelines. VSE’s distribution pipeline comprises used, functional asset components from a variety of sources (including asset teardowns) and keeping those asset components circulating in the market.

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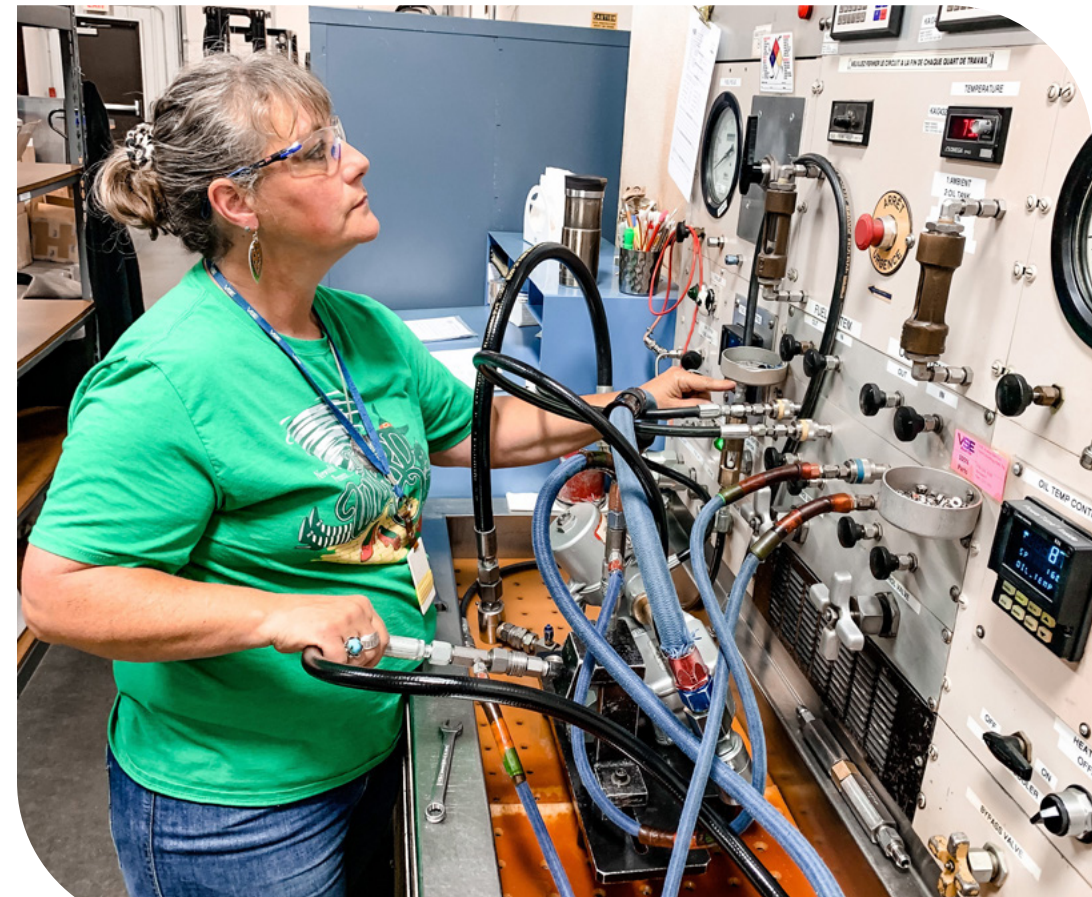
**APPROXIMATELY 35% OF VSE AVIATION SEGMENT REVENUE WAS DERIVED FROM VSE’S REPAIR AND RESTORATION OF AIRCRAFT COMPONENTS TO PRIOR FUNCTIONALITY AND THE REDISTRIBUTION OF REPAIRED AND RESTORED PARTS TO THE MARKETPLACE.**

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In our facilities, we strive to reduce waste, reuse materials, and ensure energy efficiency to continuously strive toward environmental sustainability.

Further, through our clean energy consulting division, Energetics, we provide services that develop and deliver energy sustainability and efficiency solutions across multiple sectors—including transportation, manufacturing, buildings, and energy.

VSE is committed to continuing its efforts to progress towards a more sustainable future.



# 2022 SEGMENT SPECIFIC Environmental Initiatives

## Aviation Segment:

- Continued to evolve a recycling program for metal scrap, internal packing materials, cardboard boxes, computers, printers, batteries, cans and plastics.
- Repaired, restored and redeployed ~126,000 pounds of aircraft parts.
- Sourced ~70% of all boxes and shipping packaging as biodegradable material at the Kansas Aviation facility.
- Entered a joint initiative with Conidia Bioscience to distribute a fuel testing kit to proactively identify fuel contamination issues and avoid potential corrosion impacts or unnecessary/premature disposal of fuel.
- VSE recently signed an agreement with Pratt and Whitney Canada (“P&WC”) to support aircraft engine on-wing maintenance events through the distribution of line replaceable units. **Through the distribution program, VSE is contributing to greater sustainability by helping keep engines and accessories in use longer and mitigating against unnecessary waste.**

VSE WORKS WITH SOUTHWEST AIRLINES® TO SUPPORT ITS RETIREMENT OF THE BOEING 737NG PLATFORM AND TO PROVIDE END-OF-LIFE ASSET MANAGEMENT SERVICES. VSE WORKS WITH VENDORS TO REMOVE AN AVERAGE OF 1,000 PARTS FROM EACH AIRCRAFT, RESTORE PARTS TO THEIR ORIGINAL STATE AND FUNCTIONALITY, AND REDEPLOYS THOSE PARTS IN THE MARKET FOR REUSE. AROUND 3,600 POUNDS OF METAL FROM EACH AIRCRAFT IS RECYCLED. THIS TEARDOWN/PARTS RE-SALE PROCESS RE-PURPOSES APPROXIMATELY 90% OF THE AIRCRAFT.

# 2022 SEGMENT SPECIFIC Environmental Initiatives

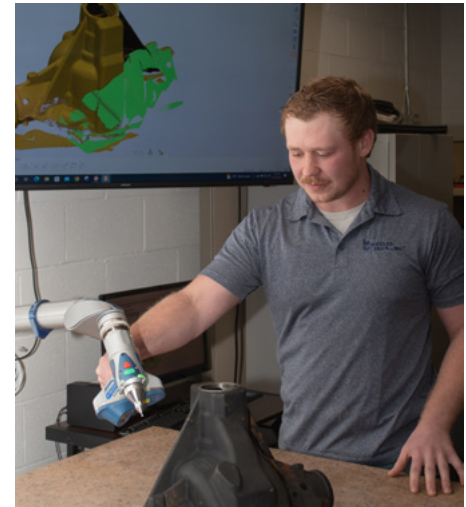
## Fleet Segment:

- Facilitated the return of ~800,000 pounds of used parts from customers to be recycled, remanufactured or resold and avoid landfill disposal.
- Recycled ~3.4 tons of cardboard boxes and utilized recyclable packing materials.
- Maintained recycling programs for paper, aluminum, plastic, batteries, and metal scrap across facilities.



## Federal & Defense Segment:

- Extended the life of transportation assets by supporting over 200 military aircraft in service through maintenance, repair, or complete upgrade and restoration projects.
- Continued support of a long-term corrosion control project that mitigates against rust formation (rust reduces energy efficiency and causes contamination, thereby shortening an asset's lifecycle).
- Recycled and reclaimed ~112,000 pounds of used oil, bilge water and oily wastewater, all in compliance with EPA and OSHA regulations.



Our Wheeler Fleet Solutions subsidiary is in partnership with the Conservor Green Oil System (“Next Gen”) as the primary distributor of Next Gen’s new proprietary oil conservor system, which reduces the need for oil changes and dramatically increases the life span of equipment.

**THIS REVOLUTIONARY TECHNOLOGY REDUCES TOTAL OIL CONSUMPTION AND REDUCES HAZARDOUS OIL WASTE BY 75%.**

# 2022 SEGMENT SPECIFIC Environmental Initiatives

## Energetics:

For our Energetics subsidiary, sustainability is more than a commitment; it's a mission.

Energetics helps public and private entities integrate clean energy technologies and strategies into real-world applications. By working with lead investors, innovators, and stakeholders, Energetics informs and expedites the development and market success of novel energy technologies, strategies, and practices that deliver a sustainable future.

Energetics' initiatives focus on environmentally safe technologies and practices including: developing energy-efficient technologies; decarbonizing manufacturing plants and processes; advancing next-generation transportation systems; and conducting stakeholder outreach directed toward market adoption of sustainable building technologies.



## ENERGETICS KEY PROJECTS

- **ENERGY:** Recently, Energetics entered a partnership with the Maryland Energy Administration (and others) as part of its “OPEN Energy Program” – an endeavor to electrify fishing vessels in Somerset County, Maryland that will benefit not only the environment, but the local industry as a whole.
- **TRANSPORTATION:** Energetics conducted third-party evaluations of several major transportation electrification demonstration projects, undertaken by California utilities. The demonstrations are part of a larger state-wide strategy to reduce greenhouse gas emissions and address climate change.
- **MANUFACTURING:** Energetics supported the development of the online Navigator tool, which provides guidance to set up and maintain an energy management system conforming to the ISO 50001 Energy Management System Standard. Our team also advised on the development of the U.S. Department of Energy's strategic energy management programs, including the 50001 Ready and the SEP 50001 (Superior Energy Performance 50001) programs.
- **ENERGY & RESILIENCE PLANNING:** Our team of specialists developed a sector-specific characterization of relevant factors and decision-making drivers influencing the current operating environment and the security and resilience posture of the U.S. chemical sector. The document is designed to help government stakeholders and industry partners identify and address factors that could adversely impact security or resilience.

# SUSTAINABILITY HIGHLIGHTS

## Our Facilities

In recent years, we increased our focus on enhancing efficiency of our energy and water usage, and other climate factors in our operations. We continue to identify and evaluate opportunities to create a cleaner, safer workplace, and to adopt sustainable practices to reduce our environmental impact. Recent actions and facility updates include:

### Alexandria, VA (Global Headquarters)

- Maintained LEED Gold certified status
- Installed electric vehicle charging stations

### Miramar, FL (Aviation)

- Digitized many transactional documents to reduce paper consumptions
- Converted existing lighting to LED and installed LED lights in facility expansion

### Independence, KS (Aviation)

- Installed low flow toilets and water sources
- Retrofitted existing lighting with LED lighting

### Doral, FL (Aviation)

- Installed six energy efficient 12 SEER-rated HVAC units
- Used low volatile organic compound adhesives and solvents for flooring, drywall and millwork installation
- Built a separating wall between the dock and warehouse to ensure maximum climate efficiency

### Somerset, PA (Fleet)

- Over 85% of lighting converted to LED
- Replaced six HVAC units with high efficiency models
- Installed filtered water fountains and provided employees with reusable water bottles
- Switched propane fork-lifts to electric
- Converted to battery-powered tools supported by a continuous recycling program

### Olive Branch, MS (Fleet)

- Sealed dock doors with weather stripping and covers to maintain efficient climate control
- Installed low flow toilets
- All LED lighting equipped with motion sensor technology

### Greensboro, NC (Federal & Defense)

- Converted hangar lighting to LED
- Purchased electric golf carts for the carriage of tools and parts

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# SOCIAL RESPONSIBILITY

## Our People & Culture

At VSE, we know our employees are our most valuable asset. Their work and commitment to supporting our customers and suppliers drives our success. To retain and grow a talented and diverse workforce, we provide industry-leading benefits and recognize our valued employees for their contributions to our company and to the communities in which we live and work. We foster a robust corporate culture that encourages everyone to **Speak Up**, recognizing that open communication leads to more effective and empowered employees. Our Employee Resource Groups (ERGs) build community and a sense of belonging, while tackling issues that are important to our diverse workforce. Our focus on inclusion and diversity is a fundamental pillar of our corporate culture. We continuously invest in our workforce to ensure VSE is, and remains, a great place to work.





# INCLUSION & DIVERSITY

## Our Approach

We know diversity of thought, experience, and background helps promote inclusivity, spark creativity and build strong teams. VSE is committed to recruiting diverse talent, empowering our employees, and integrating inclusion and diversity into our culture at all levels.

We continue to make progress in our diversity efforts. For example, forty-four percent of our Board of Directors identify as members of diverse communities. We are proud of our progress and plan to continue to further expand our inclusion and diversity efforts, because, at VSE we believe that *Together, as ourselves, we are more.*

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**CURRENTLY, OUR WORKFORCE IS 30% FEMALE AND 70% MALE. APPROXIMATELY 36% OF OUR EMPLOYEES IDENTIFY WITH A RACIAL OR ETHNIC MINORITY, AND 16% ARE VETERANS.**

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### INCLUSION & DIVERSITY ADVISORY COUNCIL

Our Inclusion & Diversity Advisory Council (I&D Council) includes our CEO, key members of our senior leadership team, and other employees with a passion for inclusion and diversity at VSE. The I&D Council serves to guide and develop VSE's diversity, equity and inclusion efforts.

The I&D Council hosts quarterly roundtable discussions open to all VSE employees designed to deepen engagement on specific inclusion and diversity issues. Hundreds of VSE employees have made their voices heard since the Council began hosting roundtables in February 2021, fostering dialogue on important topics such as embracing cultural diversity, inclusion, and generational differences.

### OUR CULTURE: SPEAK UP

We recognize the value and importance of open and candid dialogue among our employees. Ideas come from everyone in our organization. At VSE, "Speak Up: Let Your Voice Be Heard" is one of our core cultural values. Through employee roundtables, town halls, quarterly engagement surveys, and our 24/7 ethics hotline, we foster a culture where all employees can feel comfortable expressing diverse perspectives and reporting concerns.

Each quarter, we conduct an Employee Net Promoter Score survey to measure employee engagement by business segment. We proactively review these results to ensure that we take action to improve our scores and foster a more engaging and enriching culture.

## OUR INCLUSION & DIVERSITY MISSION:

To promote and celebrate a culture of belonging, where  
**"Together, as Ourselves, we are More"**.

# EMPLOYEE Resource Groups

We believe in inclusion and diversity, and drive progress through our Employee Resource Groups (ERGs). Our ERGs foster inclusive spaces and promote community among our employees. ERGs are voluntary, employee-led organizations that encourage personal and professional development and amplify diverse voices and ideas.

Each ERG is supported by an executive sponsor. In 2022, we launched two new ERGs—PRIDE and Latinos Unidos, with plans to launch additional ERGs in the coming months. Our ERGs now include:



## WOMEN IN THE WORKFORCE



The mission of Women in the Workforce is to support women in achieving their full potential, and to encourage, enable, and facilitate their active involvement in their work at VSE. We seek to achieve this by raising awareness, empowering women, promoting inclusion, changing perceptions, and impacting company policy to reflect equality, not only for women but for all employees.

## PRIDE



PRIDE raises awareness of LGBTQ+ members of the VSE community and their allies by creating a safe space to celebrate its members. This group is open to anyone who is passionate and supportive of equality and creating understanding of the LGBTQ+ community and its allies.

## LATINOS UNIDOS



Latinos Unidos' mission is to bring awareness and educate others on what it means to be Latino(a) or Latinx by collaborating with VSE employees of different cultural backgrounds. Latinos Unidos is open to anyone and meets to discuss topics such as race vs. ethnicity, mental health, professional development and more.

# EMPLOYEE BENEFITS

## Total Rewards Strategy

Attracting, developing and retaining talented employees is critical to our success. We recognize the importance of offering a competitive employee benefits and compensation package. Our Total Rewards strategy is centered around five key areas to attract, develop and retain talent: compensation, benefits, recognition, well-being and learning and development.

### COMPENSATION AND BENEFITS

We are proud to offer competitive, market-informed compensation and benefits. Our compensation philosophy is driven by a commitment to equity and pay for performance. Our suite of benefits for full-time United States-based employees includes, among others:

- Comprehensive health, dental, and vision insurance plans
- Life insurance
- 401(k) Retirement Savings Plan, with an overall 4% match and immediate vesting
- Paid holidays
- Employee Stock Purchase Plan
- Paid maternity leave and bonding leave
- Tuition Reimbursement Program, with no lifetime maximum
- Employee Assistance Program
- Fitness and gym passes

### RECOGNITION

Our employees are what make VSE a great place to work. VSE’s employee recognition programs are part of our culture and are designed to recognize employees for being outstanding stewards of our core values. These include the Employee of the Month Program for our Federal & Defense segment; the “Thanks” online platform for peer-to-peer recognition in our Aviation segment; and Wheeler Fleet “WOW!” cards to recognize exceptional performance of individual employees. We also offer Service Award Programs and Retirement Award Programs to recognize employees who achieve milestone service levels in 5-year increments and those with over 10 years of service who retire while at VSE.



**RECOGNITION** (CONT'D)

The COVID-19 pandemic underscored the importance of employee well-being. To advance these efforts, we offer several benefits supporting health and wellness. We offer mental-health assistance to our workforce 24 hours a day through the Employee Assistance Program. To encourage healthy financial and physical habits, we provide free fitness studio and gym classes and access to financial seminars and one-on-one financial counseling.

**EMPLOYEE LEARNING AND DEVELOPMENT**

Our employees perform best when they are trained and ready for success. To further this goal, we provide comprehensive training opportunities tailored to individual employee needs. Through our Leadership Essentials training course, we provide people leaders with a 14-week program that cultivates foundational leadership skills. In addition, our new employee orientation includes important mandatory training on business conduct and ethics, prevention of workplace harassment and violence, cybersecurity and other topics. Through training and regular dialogue, we ensure that our values and workplace culture are instilled in every new VSE employee.

We encourage our employees to pursue further educational and professional development through our Tuition Reimbursement Program, which features no lifetime maximum. Talent Succession Assessments are performed annually in conjunction with individual performance reviews to provide regular feedback and coaching, and individual development plans to assist with individual career development.



# COMMUNITY EVENTS & Charitable Activities

Our employees across all business segments support and participate in a wide array of charitable initiatives and community engagement throughout the year. A sampling of 2022 events includes:

## FOOD FOR OTHERS

Members of the VSE Corporate Finance & Accounting team volunteered at the Food for Others food bank in Virginia. This was an opportunity for the team to make an impact together, while connecting with each other and collaborating outside of the office.

## RONALD McDONALD HOUSE

Our VSE Aviation Team through our Kansas Global Parts organization, launched a charity drive to support the Ronald McDonald House (RMHC) of Wichita, Kansas with some much-needed supplies. The drive lasted four weeks and provided more than 1,500 pounds of supplies. This donation was the largest the RMHC received in four years.

## FLEET SEGMENT COMMUNITY OUTREACH

Our Wheeler Fleet Solutions teams, specifically from the Accounting and Human Resources department, volunteered to spend a weekend together to paint the walkways of the Meyersdale Area Historical Society in Somerset, Pennsylvania.

## BACK-TO-SCHOOL SUPPLY DRIVE & PACK-A-BACKPACK EVENT

VSE Aviation employees donated school supplies including notebooks, folders, pencils, crayons, markers, and more in a Back-to-School Drive and Pack-a-Backpack volunteer event. 200 backpacks full of school supplies were donated to children in underserved communities thanks to the generosity of our employees. Backpacks and supplies were donated to the following organizations in Florida and Kansas: Boys & Girls Club, I Love Avenue, Boone County School District, Independence, Kansas School District

## PURPLE HEART HOMES PIEDMONT, NC

VSE Federal & Defense team members in our Aircraft Maintenance & Modernization (AMM) division in Greensboro, North Carolina, proudly participated in the 6th Annual Purple Heart Homes Piedmont, NC Chapter Charity Golf Tournament. Purple Heart Homes is a veteran-founded charity organization that supports and assists Service-Connected Disabled Veterans. A significant percentage of VSE AMM employees are veterans of the U.S. Armed Forces, making this charity close to home for many.



# HEALTH, ENVIRONMENT & SAFETY

## Safety in the Workplace

At VSE, we are committed to the health and safety of all our employees, partners, and stakeholders. We strive to maintain a strong culture of safety through regular training, continuous monitoring of key safety metrics, and proactive risk assessments.

We are committed to providing a safe and healthy working environment for all of our employees. The goal of the VSE Health, Environment, and Safety (HES) program is to minimize the risk of injury or illness to workers by ensuring they have the training, information, leadership, support, and equipment required to work safely. Our approach to health and safety includes:

- **Designated on-site safety leaders** at over 20 VSE locations, who regularly collaborate with safety consultants, risk management, and the HES program to share best safety practices.
- **Safety training for employees**, both annually and through targeted site-specific training based on risk factors, feedback, and insights from similar locations.
- **Regular risk assessments** and safety inspections at VSE locations.
- **Executive team review** of risks and strategy simultaneously when strategies for growth are created and when decisions are made.
- **Continuously monitoring** the impact of COVID-19 and other health concerns on employees and pro-actively implementing measures and practices for the health and safety needs of employees and in response to applicable local laws and ordinances.

### SAFETY IN THE WORKPLACE


At VSE, we strive for zero work-related injuries and illnesses. VSE’s HES program facilitates a continuous flow of information by all employees and managers throughout our organization. Communication of safety metrics and practices drives a “safety first” culture across all our operations. Safety training for employees is provided through annual training on the PureSafety platform and through site-specific instruction based on risk factors, feedback, and insights from similar locations.


Local incident data and leading indicators are used to create programs and safety action plans to reduce conditions and behaviors that lead to at-risk situations. We continuously monitor industry-standard safety metrics, such as Lost Time Accidents (LTA); Days Away, Restricted Transfer (DART); and Recordables. Through our HES program, we reinforce and encourage safe behaviors to continually improve our safety metrics.

METRIC	2022	BENCHMARK	INDUSTRY AVERAGE
Recordable Incident Rate (RIR)	1.98	1.5	2.8
Days Away from Work (DART)	1.19	1.0	1.5
Experience Modification Rating	0.61	-	1.0


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# GOVERNANCE<sup>7</sup>


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INSPIRING THE PERFORMANCE OF TOMORROW<sup>7</sup>

# VSE GOVERNANCE

## Our Approach

Strong corporate governance is foundational at VSE. We recognize the importance of a robust and effective governance structure, both for our business and for the benefit of our shareholders, employees, customers, suppliers, and other stakeholders. We adopted policies and guidelines which, together with our bylaws, committee charters, and other key governance practices and policies, provide the framework for strong and effective corporate governance.





# VSE GOVERNANCE

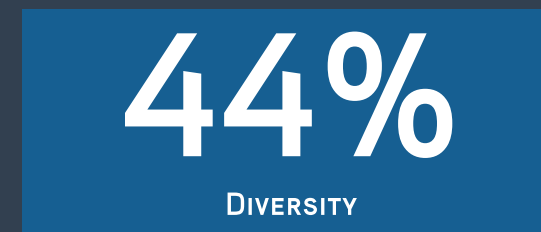
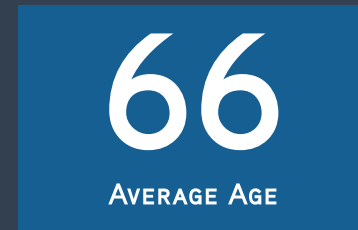
## Board of Directors

Our Board of Directors oversees VSE’s strategy development, safety programs and initiatives, corporate sustainability and key strategic, operational, and compliance risks. The Board represents the interests of our stakeholders and helps ensure our continued financial success.

In 2022, we welcomed three new board members: Mr. Edward P. Dolanski, Ms. Anita D. Britt, and Mr. Lloyd E. Johnson, enhancing the diversity of our Board’s experience, industry background, race, and gender profiles as we continue to focus on growing and innovating as a business. Following these new appointments, and after planned retirements in early 2023, the VSE Board will comprise nine directors, four of whom will have been appointed in the past four years, and four of whom are members of diverse communities as defined by NASDAQ.

Our Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability, and utilizes a variety of methods for identifying and evaluating nominees to serve as directors. Factors considered by the Board in the selection of directors include the nature and length of a nominee’s business experience (including experience in business areas related to our three business segments), as well as diversity and other factors that promote alignment of the Board with the interests of our shareholders.

## BOARD OF DIRECTORS HIGHLIGHTS



# CORPORATE GOVERNANCE

## Best Practices

VSE maintains a variety of corporate governance best practices tailored to our business and industry. These best practices include:

- + Code of Business Conduct and Ethics
- + Ethics hotline
- + Disclosure committee for financial reporting
- + Annual stockholder approval of executive compensation
- + Enterprise risk management program
- + Related party transaction policy
- + Independent board committees
- + Executive sessions of independent directors
- + Independent compensation consultant
- + Stock ownership and retention guidelines
- + Annual stock grant to non-employee directors

## Risk Management

The VSE Board is responsible and accountable for oversight of risk management plans, policies and practices. Each Board committee is assigned oversight of certain risks associated with its respective activities, and each committee's charter reflects these risk oversight responsibilities. We adopted an enterprise risk management framework that continuously monitors and evaluates our business and operational risks and is a key driver of our overall risk mitigation efforts. Our Audit Committee reviews and oversees our enterprise risk management process.

# STAKEHOLDER Engagement

VSE recognizes the importance of maintaining open and effective dialogue with our stakeholders, including our shareholders, employees, customers, suppliers, and government entity partners. We engage our stakeholders through a variety of methods, including:

SHAREHOLDERS	EMPLOYEES	CUSTOMERS	SUPPLIERS	GOVERNMENT
<ul style="list-style-type: none"> <li>• Annual shareholder meetings</li> <li>• Quarterly earnings calls</li> <li>• Investor meetings</li> <li>• Investor conferences</li> <li>• Site visits</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly Net Promoter (NPS) and feedback surveys</li> <li>• Town halls</li> <li>• Quarterly inclusion &amp; diversity roundtables</li> <li>• Employee Resource Groups (ERGs)</li> <li>• Skip-level meetings</li> <li>• Feedback sessions</li> <li>• Performance appraisals</li> <li>• Online portal and anonymous feedback submittal</li> <li>• Optional and required training</li> <li>• Monthly company-wide newsletter</li> </ul>	<ul style="list-style-type: none"> <li>• Performance reviews</li> <li>• Tradeshows</li> <li>• Relationship management and contract negotiations</li> <li>• Site visits</li> <li>• Feedback surveys</li> <li>• Speaking engagements at industry events</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier development program</li> <li>• Performance reviews</li> <li>• Tradeshows</li> <li>• Procurement process</li> <li>• Site visits and internal training</li> </ul>	<ul style="list-style-type: none"> <li>• Audits</li> <li>• Performance reviews</li> <li>• Site visits</li> <li>• Feedback surveys</li> </ul>

# ETHICS & COMPLIANCE

## Our Policies

### CODE OF BUSINESS CONDUCT AND ETHICS

The purpose of VSE’s Code of Business Conduct and Ethics is to educate, enforce and support compliance and ethical behavior. The Code reflects our expectation that our employees and suppliers will conduct business ethically and in compliance with all applicable rules and regulations.

### CONFLICTS OF INTEREST AND GLOBAL ANTI-CORRUPTION POLICY

VSE expects all employees to act with integrity. We implement all reasonable measures to avoid conflicts of interest or situations that give the appearance of conflicts of interest. Our Global Anti-Corruption Policy supports our commitment to operating with high standards of ethical and legal business conduct, preventing bribery and corruption, and promoting an anti-corruption culture by setting forth VSE’s expectations and requirements relating to the prevention, detection, and reporting of bribery and other forms of corruption.

We conduct periodic training and internal compliance audits to ensure compliance with applicable anti-corruption laws. Our Third-Party Anti-Corruption Due Diligence Procedures strive to ensure that VSE conducts business with third parties who are reputable and qualified to perform the services for which they are engaged and who share VSE’s commitment to the highest ethical standards.

### ETHICS HOTLINE

VSE maintains a 24/7 ethics hotline, operated by an independent third party, through which any employee can anonymously report ethical, financial, or other concerns.



**(CONT'D)** Reports received through the hotline are referred to the Chief Legal Officer and Internal Audit for investigation and are also communicated to the Chair of the Audit Committee or Compensation and Human Resources Committee, as appropriate.

**SUPPLIER CODE OF CONDUCT**

We expect our suppliers to abide by the terms of our Supplier Code of Conduct, helping ensure that those with whom we partner conduct business in an ethical manner. We also expect our suppliers to refrain from using forced labor or child labor, comply with all applicable wage and hour laws, avoid discrimination, implement effective health and safety programs, and comply with all applicable anti-bribery and anti-corruption laws.

**HUMAN RIGHTS**

We are committed to policies and practices that support internationally recognized human rights standards. In 2022, we adopted a company-wide Human Rights Policy establishing our fundamental human rights principles. It is our corporate responsibility to uphold these principles throughout our entire organization and to refrain from engaging in activities that directly or indirectly violate internationally recognized human rights. Additionally, we expect all stakeholders, including employees, customers, suppliers, and business partners to abide by the principles embodied in our Human Rights Policy and to uphold human rights globally.

**ANTI-DISCRIMINATION AND ANTI-HARASSMENT**

Fairness and equity are paramount in all employment-related decisions. VSE does not make employment-related decisions based on legally protected personal characteristics, including race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, gender identity or expression, marital status, pregnancy, political affiliation, or disability. VSE is also committed to maintaining a professional

workplace and does not tolerate behavior that creates a hostile, intimidating, or offensive work environment.

**POLITICAL CONTRIBUTIONS AND LOBBYING**

VSE does not contribute corporate funds to federal candidates, national political party committees, other federal political committees or to any foreign candidate, political party, or political committee. VSE does not currently engage in any political contribution efforts.



# CYBERSECURITY

## Our Protocols



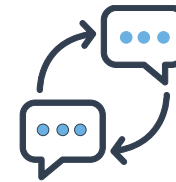
### BOARD-LEVEL OVERSIGHT

Managing cybersecurity and data protection risks is critical to the success of our business. The Board, which includes directors with technology and cybersecurity experience, recognizes the importance of cybersecurity and reviews key cyber risks, incidents, and initiatives quarterly with our Cyber Information Security Officer (CISO). The Chief Information Security Officer reports on compliance and regulatory issues; threats and mitigating actions; and training, procedure, and certification updates.



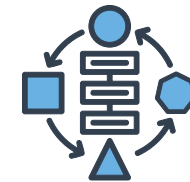
### INDUSTRY BEST PRACTICES

We built a comprehensive set of tools to defend against cyber threats and structured our cybersecurity program to align with a combination of industry frameworks, including those from the National Institute of Standards and Technology (NIST), Center for Internet Security (CIS), and Cybersecurity Maturity Model Certification (CMMC). We also maintain an information security risk insurance policy.



### EXTERNAL ADVISOR

To continually improve our security measures, we hold monthly security reviews with a third-party consultant to identify weaknesses and risks in our cyber defenses. Each review focuses on a different security domain and provides our team with tailored actions to improve our layered defense approach.



### PROCESSES, PROCEDURES & SYSTEMS

Our Data Security team partners with other departments, including Internal Audit, to capture and track risks to the business. Additionally, through regular training and our Cybersecurity Awareness Program, we provide employees with the tools necessary to be a successful line of defense against threats. Every October, VSE hosts Cybersecurity Awareness Month which includes a month-long contest with training events to engage our employees on this critical subject.



# VSE CORPORATION

See how we are inspiring the performance of tomorrow at [VSECORP.COM](http://VSECORP.COM)<sup>1</sup>