

PAE 2021 COMMUNICATION ON PROGRESS FOR THE UNITED NATIONS GLOBAL COMPACT

Guided by our values, PAE prioritizes upholding human rights, establishing sound labor practices, reducing our impact on the environment and fighting corruption through industry best practices in our operations.



A LETTER FROM OUR CEO

May 14, 2021

To our stakeholders,

I am pleased to announce that PAE reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. Our employees are PAE's greatest asset, and their wellbeing is at the forefront of every decision we make. We have implemented sustainable practices in our operations, participated in environmental stewardship events and demonstrated our commitment to anti-corruption by following industry best practices.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely,

Charles Peiffer

Interim Chief Executive Officer and Chief Financial Officer

HUMAN RIGHTS

PAE's greatest asset is our workforce. We recognize the importance of the safety and wellbeing of our employees and the communities where our employees live and work as imperative to our operational success. We take actions to uphold human rights and safeguard our employees.

Our human rights initiatives include:

- Implementing policies recognizing the health and safety of our employees as the first line of defense against environmental and safety hazards.
- Executing strategies to reduce the number of safety incidents occurring at program sites.
- Providing a positive culture of safety in which employees, contractors, customers and visitors feel free to speak up about non-conformances, undesirable or unsafe situations or any other OHS-related issue.
- Maintaining a process to mitigate risk through the identification, classification, prioritization and control of hazards and risks.
- Offering training programs on proper disposal methods for hazardous waste and participating in ongoing pollution prevention initiatives.
- Enabling employees, customers, contractors and visitors to conduct their activities safely by providing them with appropriate information and operational controls.
- Training employees on OHS requirements.
- Consulting and collaborating with employees, their representatives and other stakeholders on OHS matters.
- Convening safety councils to support the development of safe work practices, promote employees' interests in health and safety issues and bring employee representatives together for safety-related discussions.
- Maintaining full transparency in periodic OHS performance reporting.
- Meeting or exceeding compliance with laws applicable to our operations and PAE safety standards.
- Implementing procedures to include risk assessments of potential and existing subcontractors, program audits, continuous monitoring and implementation of process improvements.
- Issuing standards against physical, verbal, sexual or psychological harassment, abuse or threats and discrimination, including the PAE Code of Conduct and zero-tolerance policies.
- Ensuring that our working environment is inclusive and respectful of all employees.
- Training employees on non-discrimination and equal employment policies.
- Implementing awareness and educational campaigns on human rights topics through trainings, posters and targeted communications from PAE leaders.
- Maintaining robust ethics and compliance programs that:
 - require employees to report incidents of suspected and known misconduct,
 - include investigations conducted by trained and objective internal investigators in accordance with the company's internal investigations policy, and
 - hold employees accountable for substantiated violations of policies.
- Committing to compliance with applicable laws and regulations regarding trafficking in persons through the policies and procedures of PAE's Combating Trafficking in Persons program, also known as CTIP, which is in addition to guidance provided in our Code of Conduct and related policies.
- Providing CTIP training to employees and other personnel.
- Implementing CTIP procedures within relevant programs, as well as to subcontractors and labor brokers.

LABOR

We recognize that a satisfied workforce contributes to better business performance. For that reason, PAE prioritizes the individual and collective needs of our employees and other stakeholders through comprehensive labor and hiring practices. Our diversity across the organization is a source of pride, which we strive to maintain through inclusive and objective employment processes. **Our proactive labor and hiring efforts include:**

- Implementing PAE's Combatting Trafficking in Persons program, which are comprised of policies and procedures to ensure PAE's commitment to compliance with applicable laws and regulations regarding trafficking in persons, and prevents company participation in forced or bonded labor.
- Providing CTIP training to employees and other personnel and implementing CTIP procedures within relevant programs and to subcontractors and labor brokers in various parts of the world.
- Committing to compliance with labor and employment laws.
- Providing U.S.-based employees with information about their rights to engage in collective bargaining.
- Ensuring effective collaborations between PAE Labor Relations and several union labor groups within PAE's workforce to effectively support the missions of our customers.
- Promoting a work environment that is positive, diverse, open and inclusive, where employees and other stakeholders can ask questions, express work-related concerns about ethics issues, make inquiries and report violations without fear of retaliation.
- PAE Recruiting reaching diverse candidates through targeted sourcing and outreach to local job networks and campaigns targeting more than 18,000 organizations and professional associations that showcase career opportunities to minority audiences.
- Working with niche job boards and tools and participation in job fairs from organizations focused on diverse employment.
- Ensuring that our employment-related decisions are based on relevant and objective criteria. This approach is defined in PAE's recruiting, hiring, performance management, disciplinary action, non-discrimination and equal employment opportunity policies.



ENVIRONMENT

By protecting our environment, we contribute to ensuring a brighter future for not only our employees and their communities, but the world. PAE implements sustainable practices into our operations and through participation in environmental stewardship programs.

We are reducing our environmental impacts by:

- Participating in initiatives to reduce our carbon footprint around the world.
- Acting at the local level with an electronic waste recycling project.
- Continuing pollution prevention initiatives and regularly training employees on proper disposal methods for hazardous waste.
- Choosing to work with suppliers and partners who adhere to applicable regulatory standards that promote environmental sustainability, including:
 - using environmentally preferable products and services,
 - acquiring products and services that meet sustainability standards,
 - promoting the use of nonhazardous and recovered materials, and
 - choosing alternatives to ozone-depleting substances.



MEASURES OF SUCCESS

We evaluate our effectiveness in meeting goals of the U.N. Global Compact through measurable data. **Take-aways from our most recent figures include:**

- 50 percent of PAE's C-suite is diverse in terms of race, ethnicity and/or gender.
- As of March 31, 2021, approximately 45 percent of PAE employees are racially/ethnically diverse and approximately 28 percent are female.
- Female participation in PAE's internship program increased to 55 percent in 2020, representing a 30 percent increase since program implementation.
- 25 percent of PAE employees are veterans or former military members.
- We partner or work with local job networks and campaigns that reach more than 18,000 organizations and professional associations that provide career opportunities to minority audiences.
- 100 percent of PAE employees completed mandatory annual ethics and compliance training.

ANTI-CORRUPTION

PAE's commitment to the highest standards of ethical conduct applies to all employees in every location. Our workforce is strictly required to comply with applicable anti-corruption laws that govern our operations in the countries where we do business. These requirements are detailed in our policies, procedures and codes of conduct. We also recognize the critical role our partners and suppliers play in maintaining the company's reputation and ability to do business worldwide.

We fight corruption through:

- Diligent instruction and regular reinforcement of policies and procedures to prepare employees for corruption they might confront, implementing precautions to ensure that the laws of the United States and applicable laws of foreign jurisdictions are followed and that employees operate lawfully in their respective work locations.
- Policies that prohibit personnel from directly or indirectly giving, offering or promising anything of value to foreign officials or foreign political parties or candidates for the purpose of influencing them to misuse their official capacity to obtain, keep or direct business or to gain any improper advantage.
- Policies on gifts, gratuities, and business courtesies and internal procedures that support PAE's anti-corruption commitment. Procedures include requiring pre-approvals from PAE's chief ethics and compliance officer prior to extending certain business courtesies in addition to regular internal reporting of certain transactions by PAE programs outside of the United States. Regular audits and periodic monitoring are also implemented on various programs that operate outside the United States.
- The PAE Third Party Code of Conduct applies to any outside party conducting business with our company. This document covers our partners, suppliers, subcontractors, consultants and joint ventures on topics such as anti-bribery and anti-discrimination.
- Seeking partners and suppliers who maintain the same high ethical standards by conducting a risk assessment and due diligence screening on potential third-party associations.
- Conducting ongoing audits and risk assessments on suppliers and partners on an as-needed basis.