



**VSE CORPORATION**  
**CORPORATE GOVERNANCE GUIDELINES**

(as adopted by the Board of Directors of VSE Corporation on December 9, 2020)

**I. PURPOSE**

The Board of Directors of VSE Corporation (“VSE” or the “Corporation”) recognizes the importance of strong corporate governance as a means of addressing the various needs of the Corporation’s stockholders, employees, customers and other stakeholders. As a result, the Board of Directors has adopted the following guidelines which, together with the Corporation’s certificate of incorporation, bylaws, committee charters and other key governance practices and policies, provide the framework for the Corporation’s corporate governance.

The Board recognizes that ensuring that the Corporation observes good corporate governance practices is an ongoing endeavor. As a result, the following guidelines are subject to annual review by the Board of Directors to determine whether they continue to promote the best interests of the Corporation and its stockholders and comply with all applicable laws, regulations and stock exchange requirements.

**II. ROLE AND STRUCTURE OF THE BOARD**

***Role of the Board***

The Board of Directors governs and provides oversight over the affairs of the Corporation for the benefit of our stockholders, as well as our other stakeholders, particularly our employees and customers.

The fundamental goal of the Board is to build long-term value for the Corporation’s stockholders. The Board is committed to conducting our business in a responsible, legal and ethical manner. The Board seeks to promote the success and continuity of the Corporation’s business by continuing to promote employee and management engagement, oversee the Corporation’s business and activities, and develop a succession planning process and strategic plan.

***Board Structure***

The number of directors which shall constitute the whole board shall be a minimum of six directors and a maximum of ten directors. Within the limits above specified, the number of directors shall be determined by resolution of the board of directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of the By-Laws of VSE Corporation, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

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However, directors are encouraged to own stock consistent with the Stock Ownership Guidelines as indicated below.

### ***Election of Directors at Annual Meeting and Failure to Receive the Required Vote***

Directors are elected annually by the stockholders at the annual meeting. In an uncontested election (i.e., an election in which the number of nominees does not exceed the number of directors to be elected), a nominee for director shall be elected upon receiving a majority of votes cast with respect to his or her election. In a contested election, directors shall be elected by a plurality of votes cast such that the nominees receiving the greatest number of "for" votes up to the number of authorized director slots shall be elected. The Board expects an incumbent director to tender his or her resignation, to be effective upon the Board's acceptance, if the director receives a greater number of votes "against" his or her election than were voted "for" his or her election in an uncontested election. The Nominating and Corporate Governance Committee will consider whether or not to accept the tendered resignation or to take some other action, taking into account the best interests of the Corporation and its stockholders, and communicate such recommendation to the Board. The Board will consider the Nominating and Corporate Governance Committee's recommendation and take action within ninety (90) days from the date of the certification of the election results. Thereafter, the Board will promptly disclose its decision as to whether or not to accept the tendered resignation (and the reasons for rejecting the tendered resignation, if applicable) to the public in a press release, current report on Form 8-K filed with the Securities and Exchange Commission or some other public announcement.

While the Board is considering a director's resignation, he or she shall remain active and engaged in Board and committee activities, but will not participate in any Nominating and Corporate Governance Committee or Board action regarding whether or not to accept the tendered resignation or to take some other action. In the event that a majority of members of the Nominating and Corporate Governance Committee have offered to resign, the remaining independent directors on the Board (as determined pursuant to these guidelines) will consider the tendered resignations and communicate their recommendation to the Board.

### ***Qualifications***

The Board has delegated to the Nominating and Corporate Governance Committee the responsibility for recommending nominees for membership on the Board consistent with the criteria established by the Board. Under these criteria, candidates should have the highest professional and personal ethics and values, consistent with longstanding VSE values and standards. As a group, the Board should have diverse and broad experience at the policy-making level in business, government, education, technology or public interest. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must

represent the interests of all stockholders. We seek directors with diverse backgrounds and experiences. Factors discussed as relevant to the selection of Board nominees may include nature and length of business experience, including experience in business areas related to our potential growth areas, in addition to race, gender, age and factors that promote alignment of the Board with the interests of stockholders.

### ***Independence***

Independent directors are independent of management and free from any relationship that, in the judgment of the Board, would interfere with the exercise of their independent judgment as a director. No director will qualify as independent unless the Board affirmatively determines that the director 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). The Board has established the standards summarized below, and described more fully in Appendix A to these guidelines, to assist it in assessing director independence. To be considered independent, the individual:

- must not serve as an employee or executive officer of VSE Corporation;
- must not receive any compensation from the Corporation other than for services as a Director in excess of 10% of such Director's annual compensation;
- must not be an officer or owner of a business that does a significant amount of business with the Corporation;
- must not be a close relative of an executive officer or director; and
- must meet any additional independence criteria established, from time to time, by the Board of Directors, the Securities and Exchange Commission and as defined by Nasdaq Rule 5605(a)(2). To the extent additional independence criteria are established by the Board of Directors, such additional criteria shall be disclosed by the Corporation.

The Corporation will describe in its proxy statement or any other required public disclosures any relationships between the Corporation and an individual not otherwise covered or discussed in the standards set forth above or more fully described in Appendix A to these guidelines that were otherwise considered by the Board of Directors in determining an individual's independence.

### ***Board Leadership Structure***

The positions of Chairman of the Board and Chief Executive Officer ("CEO") currently are separated at VSE. The Board believes that this structure best serves the Corporation's needs at this time. The Board believes that its existing structure effectively maintains independent oversight of management. The Board periodically reviews and considers whether the positions of Chairman and CEO should be combined as part of its regular review of the effectiveness of our governance structure.

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***Limit on the Number of Other Board Memberships***

Independent directors should not serve on more than three other boards of publicly traded companies in addition to the Corporation's Board of Directors. In addition, the Nominating and Corporate Governance Committee considers each director's other commitments as a factor in determining the nominees to be recommended for election or reelection. An Employee Director may not serve on the board of more than two other public companies. Any outside board membership of Employee Directors or other executive officers must be approved in advance by the Chief Executive Officer

***Resignation Policy for Employee Directors***

Employee Directors shall resign from the Board upon their resignation, removal or retirement as an officer of the Corporation or if they do not otherwise satisfy the criteria for Board membership.

***Retirement Age***

The Board has decided not to impose a mandatory restriction on retirement age for independent or employee directors. It is the general policy of the Nominating and Corporate Governance Committee to use the annual peer review process outlined in Section VII of these guidelines to determine the effectiveness of the Board and each committee.

***Term Limits***

The Board has considered but has decided not to impose arbitrary limits on the number of terms a director may serve. The Board believes that directors who have served on the Board for an extended period of time are able to provide valuable continuity and insights based on their experience and thorough understanding of the Corporation's history, practices and objectives. As an alternative to term limits, the Board believes that the evaluation and nomination process will ensure that the Corporation has a properly constituted and functioning Board.

***Stock Ownership Guidelines***

Per the Corporation's Stock Retention Guidelines, Directors are encouraged to retain stock in the Corporation as published in the Corporation's annual Proxy Statement. The guidelines are subject to annual Board review.

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### III. BOARD MEETINGS

#### ***Agenda for Board Meetings***

The Chair of the Board shall establish the agenda for each Board meeting. Board members are encouraged to submit their ideas for agenda items to the Chair as far in advance of a Board meeting as possible. In addition, at the beginning of the Corporation's fiscal year, the Chair of the Board will establish a tentative schedule of subjects to be discussed during the year. During at least one meeting each year, the Board shall review the Corporation's long-term strategic plans, succession plan and critical issues that the Corporation expects to confront in the future.

#### ***Advance Distribution of Materials***

Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing or electronically to the directors before the meeting. The Secretary will distribute meeting materials at least one week before each regularly scheduled Board meeting and as far in advance of special meetings as possible. Directors are responsible for reviewing these materials in advance of the meeting. The Board acknowledges that certain items to be discussed at a Board or committee meeting may be extremely confidential or time-sensitive, making the advance distribution of these materials inappropriate or impractical.

#### ***Director Attendance at Board and Annual Meetings***

We do not have a specific policy regarding attendance at the annual stockholders meeting and regular board meetings. All directors, however, are encouraged to attend if available, and we try to ensure that at least one independent director attends the annual stockholder meeting and is available to answer stockholder questions. Remote attendance (including telephonic and video conference participation) at regular Board meetings is permitted in extenuating circumstances with the approval of the Chair of the Board.

#### ***Executive Sessions of Independent Directors***

Each Board meeting will normally include an executive session of the independent directors without Employee Directors or management personnel present. The independent directors will meet in executive session at other times at the request of any independent director. Matters to be discussed in executive session may include compensation, management performance, succession planning, corporate governance and other sensitive topics. The independent Chair as applicable, shall preside over the executive sessions of the independent directors.

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## IV. DIRECTOR COMPENSATION

### ***Role of the Compensation and Human Resources Committee***

The primary role of the Compensation and Human Resources Committee is to oversee VSE's compensation structure, to review and provide guidance to the Board regarding the compensation of VSE's officers and directors, including the compensation of the Chief Executive Officer and other executive officers, to review and provide guidance regarding employment agreements, to administer certain compensation plans, including restricted stock, stock option and deferred compensation plans, and to perform such other duties and responsibilities as are consistent with the committee's charter. The Compensation and Human Resources Committee reviews our guidelines and policies with respect to risk assessment and risk management, specifically our risk exposures related to compensation of the directors, executives and management; and risk exposures related to the administration of our performance incentive and employee benefit plans, and evaluates the actions management has taken to identify, monitor and control such exposures. Each of the committee members is independent in accordance with current applicable Nasdaq rules.

### ***Form of Compensation***

The Board believes that directors should be incentivized to focus on long-term stockholder value. Including equity-based compensation as a significant part of director compensation helps align the interest of directors with those of the Corporation's stockholders.

### ***Amount of Compensation***

The Corporation seeks to attract exceptional talent to its Board. Therefore, the Corporation's policy is to compensate independent directors competitively relative to comparable companies. In determining director compensation, the Compensation and Human Resources Committee and the Board of Directors understand that the independence of directors could be questioned if director compensation and perquisites exceed customary levels. The Compensation and Human Resources Committee shall, from time to time, present a director compensation report to the Board, comparing the Corporation's director compensation with that of comparable companies. The Board believes that it is appropriate for the independent Chair, Committee chairs and Committee members to receive additional compensation for their services in those positions if they are independent directors.

### ***Director Stock Ownership***

The Board believes that directors should acquire and hold shares of Corporation stock in an amount that is meaningful and appropriate. Pursuant to our 2006 Restricted Stock Plan, as amended February 27, 2020 (the "2006 Plan"), and approved by stockholders in 2020, each non-employee director can elect that all or a portion of his or her annual cash compensation

for services as a VSE director be paid in VSE Stock at fair market value determined in accordance with the plan.

Each current Director will be encouraged to retain stock of market value equivalent to five years of the Director's cash portion of his or her annual retainer. Any Director appointed after the date of these guidelines will be expected to retain at least as much stock as the Director's earned cumulative cash retainer until such time the market value of his or her stock is equal to at least five years of the Director's cash portion of the retainer.

New directors and officers will be encouraged to retain their allocated stock to achieve over time the suggested holding thresholds referenced above, but they will not be required to purchase stock on the open market to achieve such thresholds.

Our insider trading policy prohibits Directors and employees from engaging in any transaction in which they profit if the value of the Corporation's common stock falls. Therefore, the Board prohibits hedging of the Corporation's stock by Directors and Officers, and requires Board notification prior to pledging stock.

#### ***Employee Directors***

Employee Directors shall receive no additional compensation for Board or committee service.

## **V. COMMITTEE MATTERS**

#### ***Key Committees and Structure of Committees***

The principal committees of the Board of Directors are the Audit Committee, Compensation and Human Resources Committee, and Nominating and Corporate Governance Committee. The committees shall be comprised entirely of independent directors.

#### ***Assignment of Committee Members***

The Nominating and Corporate Governance Committee is responsible for recommending to the Board of Directors the directors to be appointed to each committee of the Board. The Nominating and Corporate Governance Committee will consider the skills and qualifications of each director, as well as the interests of individual directors, in making assignments. Committee Chairs shall be recommended by the Nominating and Corporate Governance Committee and selected by the Board of Directors.

#### ***Committee Charters***

Each committee has its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership. The charters also will provide that each committee will annually evaluate its own performance. The Nominating and Corporate Governance Committee shall, from time to time as it deems

appropriate, review and reassess the adequacy of each committee charter. After consulting with the committee chair, the Nominating and Corporate Governance Committee will recommend appropriate changes to the committee charters to the Board of Directors for approval.

### ***Operations***

Committee meetings may occur as the committee or its chair deem advisable. The committees will keep minutes of its proceedings and will report its actions to its next meeting. The committees will be governed by the same rules regarding meetings (including telephonic and video conference participation), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision hereof, (b) any provision of the Corporation's certificate of incorporation or bylaws, or (c) the laws of the State of Delaware.

## **VI. ACCESS TO MANAGEMENT, OUTSIDE ADVISORS AND THIRD PARTIES**

### ***Board Access to Management***

Directors have full and free access to officers and employees of the Corporation. Any meeting or contact that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. Directors shall use their judgment to ensure that such contact is not disruptive to the business operations of the Corporation.

### ***Access to Outside Advisors***

The Board and each committee have the power to consult with legal, financial, compensation or other advisors, as they deem necessary or appropriate. No advance approval or consultation with an officer of the Corporation is required, but a Committee chair seeking to retain an advisor should consult with the Lead Director or Chair of the Board, as appropriate, before retaining the advisor. The Corporation shall pay the fees and expenses of such advisors.

## **VII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

### ***Director Orientation***

The Corporation's management, as directed by the Board, shall conduct a mandatory orientation program for new directors. The agenda for the orientation shall be determined by the Chair of the Board, with input from the Nominating and Corporate Governance Committee, the Chief Executive Officer and the General Counsel. The orientation program shall include presentations by management to familiarize new directors with the Corporation's strategic and financial plans, any risk management issues, its legal responsibilities and compliance programs,

its codes of conduct, its principal officers, and its internal and independent auditors. In addition, the orientation program shall include a review of the Corporation's expectations of its directors in terms of time and effort and a review of the directors' fiduciary duties.

### ***Continuing Education***

The Board and management will provide updates and presentations on new legal and compliance issues as warranted by developments in the law or by best practices. The Corporation expects directors to participate in continuing education opportunities on the Corporation's organization, business units, strategic plan, significant financial, accounting and risk-management issues, governance policies and ethics. Existing directors are expected to comply with the Board's code of conduct. The Corporation also expects each director to participate in external continuing director education programs as necessary to enable the director to better perform his or her duties and to recognize and deal appropriately with issues that arise. The Corporation shall pay all reasonable expenses related to continuing director education.

### ***Annual Performance Evaluation of the Board***

The Board will conduct an annual review of its performance to determine whether the Board is functioning effectively. The Nominating and Corporate Governance Committee will oversee the annual self-evaluation of the Board by determining the nature of the evaluation, supervising the conduct of the evaluation, preparing an assessment of the Board's performance, and discussing the results with the Board. These annual self-evaluations shall include an evaluation of whether the individuals sitting on the Board bring the necessary skill sets and experience to the Corporation, and whether the Board is working effectively as a group.

## **VIII. LEADERSHIP DEVELOPMENT**

### ***CEO and Executive Officer Performance Evaluation***

The Board evaluates the performance of the Chief Executive Officer and Named Executive Officers based on a specific set of performance objectives. The Compensation and Human Resources Committee shall recommend for Board approval the Chief Executive Officer's compensation after considering the CEO's performance.

### ***Succession Planning***

The Board of Directors believes it is critical to the success of the Corporation that continuity of leadership is ensured and that a succession plan exists for the Chief Executive Officer and other key officers. The Nominating and Corporate Governance Committee of the Board evaluates and makes recommendations to the Board on candidates for the position of Chief Executive Officer in the event that a vacancy arises or is anticipated to arise, through the death, disability, retirement or resignation of the Corporation's Chief Executive Officer. The Nominating and

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Corporate Governance Committee also is responsible to ensure that processes are in place for management development and succession throughout the leadership ranks.

## **IX. ETHICS AND CORPORATE RESPONSIBILITY**

### ***Ethics Policies***

The Board has adopted a Code of Business Conduct and Ethics that applies to all of its directors, officers, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and employees. The Code is posted on VSE's website [www.vsecorp.com](http://www.vsecorp.com). VSE intends to satisfy the disclosure requirements under Item 5.05 of Form 8-K under the Securities Exchange Act of 1934, as amended ("the Exchange Act"), regarding any waiver or amendment of the Code with respect to VSE's principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions, by posting such required information on VSE's website.

### ***Conflicts of Interest***

The codes of conduct and other related policies of the Corporation provide that all employees, executive officers and directors must act in the best interests of the Corporation and refrain from engaging in any activity or having a personal interest that presents or creates the appearance of a "conflict of interest." The Board of Directors recognizes that actual or perceived conflicts of interest may raise questions among stockholders and others as to whether such transactions are consistent with good corporate governance and are in the best interests of the Corporation and its stockholders. Accordingly, as a general matter, the preference of the Board is to avoid situations involving actual or perceived conflicts of interest. Nevertheless, it is also recognized that there are certain transactions and situations that may be in the best interests of the Corporation and its stockholders.

It is the responsibility of each director to advise the Board of any affiliation with public or privately held businesses or enterprises that may create a potential conflict of interest or possible inconsistency with corporate policies or values. The Corporation annually solicits information from directors in order to monitor potential conflicts of interest and directors are expected to be mindful of their fiduciary obligations to the shareholders.

In the event that an executive officer of the Corporation has an unavoidable conflict of interest or seeks a waiver of a provision of the Code of Conduct, the officer shall notify the Secretary and the Chairman of the Board, who shall arrange for the Audit Committee to consider the request. It is the policy of the Board generally not to waive a conflict of interest or a requirement of the Code of Conduct applicable to any executive officer. The waiver shall be granted only if such approval is obtained. The Audit Committee shall advise the Board whenever a request for a waiver of the Code of Business Conduct and Ethics or conflict of

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interest issue has been considered by the committee and the results of the committee's evaluation of the issue.

With respect to members of the Board of Directors, because of the business relationships that a director may have outside of the Corporation, it is possible that actual or potential conflicts of interest may develop as a result of actions contemplated by the Corporation or another person. In the event a director has an actual or potential conflict of interest with respect to a matter involving the Corporation, whether or not under consideration by the Board, the director shall inform the Secretary, which shall refer the matter to the Audit Committee for its consideration and assessment. To the extent that the actual or proposed conflict of interest may be material to a consideration of the director's independence, the Secretary shall also notify the Chair of the Board and the Chair of the Nominating and Corporate Governance Committee to consider what action, if any, may be required. In the case of a conflict of interest that is of a material nature, the director may be required to tender his or her resignation.

### ***Corporate Risk Oversight***

The Board of Directors believes it is critical to the success of the Corporation to review and evaluate the Company's overall risk profile, and the procedures implemented by management to identify and manage such risks on an ongoing basis.

We face a number of risks, including economic risks, environmental and regulatory risks, cybersecurity threats, and various other risks associated with working as a diversified publicly traded company in federal, commercial and international markets. Our executive officers are responsible for the day-to-day management of the risks our Corporation faces, while our Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management, including periodic review of the Corporation's identified risks and any related developments, threats, and mitigation strategies.

The committees of our Board of Directors assist the full Board in risk oversight by addressing specific matters within the purview of each committee. Our Audit Committee is specifically responsible, in consultation with management, our independent auditors and our internal function for the integrity of our Corporation's financial reporting processes and controls. As part of this process, our Audit Committee oversees the planning and conduct of an annual risk assessment that is designed in consultation with our independent auditors and management to identify and analyze risks to achieving our business objectives. The results of the risk assessment are used to develop our annual internal audit plan. Our Compensation and Human Resources Committee considers and evaluates risks and rewards associated with our compensation policies. Our Nominating and Corporate Governance Committee identifies individuals qualified to become board members and considers matters that may involve corporate governance, conflicts of interest, director and executive succession planning, and potential risks to our shareholders.

***Interlocking Directorships***

Interlocking director relationships are prohibited. In other words, directors who are also officers of the Corporation cannot serve on another director's Board if that director is also an officer of that unaffiliated Corporation.

***Communication with Directors***

Stockholders and employees may communicate with the Board by submitting an email to the Board at board@vsecorp.com. All directors have access to this email address. Communications that are intended specifically for non-employee directors should be sent to the email address above to the attention of the Corporate Secretary. Communications to the Board by mail can be addressed to The Board of Directors or a particular Board member c/o VSE Corporation, 6348 Walker Lane, Alexandria, Virginia 22310-3226.

**CORPORATE GOVERNANCE GUIDELINES UPDATES*****Revision to Corporate Governance Guidelines***

The Nominating and Corporate Governance Committee will review these governance principles at least annually and recommend appropriate changes to the Board of Directors for approval.

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**APPENDIX A**  
**DEFINITION OF INDEPENDENCE**  
**IN ACCORDANCE WITH NASDAQ RULE 5605(a)(2)**

The following persons shall not be considered an independent director of the Corporation\*:

- A. a director who is, or at any time during the past three years was, employed by the Corporation or by any parent or subsidiary of the Corporation, or has been an officer of the Corporation at any time;
- B. a director who has accepted (or whose Family Member\*\* has accepted) any payment from the Corporation or any subsidiary during the current fiscal year or who has accepted payment for professional services for the Corporation in excess of the lesser of \$120,000 or 10% of such Director's annual director compensation in any twelve-month period within the past three fiscal years, other than compensation for Board or Board Committee service or payments attributable to such person's ownership of the Corporation's capital stock;
- C. a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Corporation or by any parent or subsidiary of the Corporation as an executive officer;
- D. a director who is a partner in, or a controlling shareholder or an executive officer or employee of, or who has a Family Member who is a partner in, or a controlling shareholder or an executive officer of any organization to which the Corporation made, or from which the Corporation received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more;
- E. a director of the Corporation who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Corporation serve on the compensation committee of such other entity;
- F. (i) a director who is a current partner or employee of a firm that is the Corporation's internal or external auditor; (ii) a director who has a Family Member who is a partner of such firm; (iii) a director who has a Family Member who is a current employee of such a firm and who personally works on the Corporation's audit; (iv) or a director who was, or has a Family Member who was within the last three years, a partner or employee of such a firm and personally worked on the Corporation's audit within that time.

\* All references to the Corporation include any parent or subsidiary in a consolidated group with the Corporation.

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\*\*For purposes of the above, the term “Family Member” means a person’s spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person’s home.