



Vectrus, Inc.

Audit Committee Charter

1. Purpose

- a. The Board of Directors (the “Board of Directors” or “Board”) of Vectrus, Inc. (the “Company”) and the Audit Committee represent the Company’s shareholders. The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its responsibility to oversee management’s conduct of the Company’s financial reporting process.

The Audit Committee shall:

- i. Provide assistance to the Board of Directors of the Company with respect to its oversight of:
 - 1. The quality and integrity of the Company’s financial statements;
 - 2. The Company’s compliance with legal and regulatory requirements;
 - 3. The independent registered public accounting firm’s qualifications, performance and independence; and
 - 4. The performance of the Company’s internal audit function.
 - ii. Prepare the audit committee report required by the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement.
- b. The Company’s independent auditor is directly responsible to the Board and the Audit Committee. The Audit Committee shall be directly responsible for the appointment, compensation, retention, termination, audit and oversight work of the independent auditor in preparing or issuing an audit report or performing other audit, review or attest services for the Company.
 - c. The Company’s head of the internal audit function reports to the Chair of the Audit Committee, is ultimately responsible directly to the Board and the Audit Committee, and reports on an administrative basis to the Company’s Chief Financial Officer.
 - d. Each independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company must report to the Chair of the Audit Committee, be ultimately responsible directly to the Board and the Audit Committee.



- e. The Audit Committee recognizes that management is responsible for preparing the Company's financial statements and that the independent auditors are responsible for auditing the Company's financial statements.

2. Powers

- a. The Audit Committee has the power to investigate any matter brought to its attention. The Audit Committee:
 - i. Has full access to all books, records, facilities and personnel of the Company.
 - ii. May retain outside counsel, auditors or other independent experts and advisors to assist the Audit Committee in performing its responsibilities.

3. Responsibilities of the Audit Committee and Management

- a. General guidelines and areas of responsibility of the Audit Committee are listed below. However, circumstances may require a flexible approach, and the Audit Committee has full authority to diverge from the guidelines below under appropriate circumstances. The Audit Committee shall:
 - i. Subject to any action that may be taken by the full Board, on an annual basis, have the ultimate authority and responsibility to determine the independent auditor's qualifications, independence and compensation, select (or nominate for shareholder ratification), evaluate, and where appropriate, consider the rotation or replacement of the independent auditors.
 - ii. Review and discuss with management and the independent auditors the audited financial statements of the Company including discussion of the Company's disclosures under Management's Discussion and Analysis of Financial Conditions and Results of Operations and make a recommendation regarding whether the annual audited financial statements should be included in any public filing including the Company's Annual Report on Form 10-K (or the Annual Report to Shareholders if distributed prior to the filing of Form 10-K).
 - iii. Review and discuss with management, the independent registered public accountants and the head of internal audit the quarterly consolidated financial statements of the Company, including a discussion of the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the results of the independent registered public accountants' review of those statements. This review shall occur prior to the Company's filing of each Form 10-Q with the SEC.
 - iv. Review and consider with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380) (the framework for effective communication between the independent auditor and the Company in relation to the audit of financial statements), as adopted by the PCAOB in Rule 3200T.



- v. Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures in the Company's financial statements. Such review shall include discussion of any material changes in accounting policies.
- vi. As a whole, or through the Audit Committee chair, review and discuss with the independent auditors the Company's interim financial results to be included in the Company's earnings report or quarterly reports to be filed with the SEC including discussion of the Company's disclosures under Management's Discussion and Analysis of Financial Conditions and Results of Operations. This review will occur prior to the filing of its Form 10-Q with the SEC, or release of any earnings report.
- vii. Review and discuss with management the types of information to be disclosed and the types of presentations to be made with respect to the Company's earnings press release (paying particular attention to the use of any "pro forma" or "adjusted" non-GAAP information and measures) and financial information and earnings guidance provided to analysts and rating agencies.
- viii. Discuss with management and the independent auditors the quality and adequacy of the Company's internal controls and their effectiveness and meet regularly and privately with the head of the internal audit function.
- ix. Annually request from the independent auditors a formal written statement delineating all relationships between the auditor and the Company consistent with Public Company Accounting Standards Oversight Board in Rule 3526T. With respect to such relationships, the Audit Committee shall:
 - 1. Discuss with the independent auditors any disclosed relationships and the impact of the relationship on the independent auditor's independence.
 - 2. Assess and recommend appropriate action in response to the independent auditor's report to satisfy itself of the auditor's independence.
- x. Pre-approve or delegate to one or more independent members, when appropriate, to pre-approve the retention of the independent auditor for audit related and permitted non-audit services. Other tax related consulting and special projects and fees for any other services to be provided by the independent auditor and internal audit service providers must be submitted to the Audit Committee consistent with the Company's Audit Services, Audit Related Services and Non-Audit Services Policy.
- xi. Confirm the scope of audits to be performed by the independent auditors and the internal audit function, monitor progress and review results and review fees and expenses charged by the independent auditors and any party retained to provide internal audit services.
- xii. On an annual basis, discuss with the independent auditor the independent auditor's internal quality control procedures, any material issues raised in quality control or peer review and any investigation or



inquiries by governmental or professional authorities within the preceding five years (and any steps to deal with issues raised) regarding the firms' independent audits of other clients.

- xiii. Review significant findings or unsatisfactory internal audit reports, or audit problems or difficulties encountered by the independent auditor in the course of the audit work, including any restrictions on the scope of its activities or on access to requested information, and any significant disagreements with management and monitor management's response to such matters. Without excluding other possibilities, the Audit Committee may wish to review with the independent registered public accounting firm (i) any accounting adjustments that were noted or proposed by such firm but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent registered public accounting firm to the Company.
- xiv. Provide oversight review and discuss with management, the head of internal audit and independent auditors the adequacy and effectiveness of the Company's overall risk assessment and risk management process, including all risk mitigation processes. The Audit Committee shall review, at least annually, policies with respect to risk assessment and risk management and in accordance with regulatory requirements, approve, at least annually, any decision of the Company to enter into uncleared swaps.
- xv. Review its Charter at least annually and make recommendations to the Board for approval and adoption of the Charter, including any additions, deletions or modifications, as may be deemed appropriate.
- xvi. Review the Company's capital structure including stock repurchases, debt offerings and financings and dividends.
- xvii. Review the Company's rating agencies reviews.
- xviii. Review the Company's capital allocation including capital expenditures and research and development.
- xix. Reviews regularly and considers the Company's balance sheet reserves.
- xx. Review expense accounts of senior executives.
- xxi. Update the Board on a regular basis with respect to matters coming to its attention which may have a significant impact on the financial condition or affairs of the Company, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors and performance of the internal audit function.
- xxii. Review major issues regarding accounting principles and financial statement presentations, significant changes to the Company's selection or application of accounting principles and major issues relating to the Company's internal controls including any specifically required audit steps



to correct identified major internal control issues. The Audit Committee shall also review management or independent auditor analyses regarding significant financial reporting issues and judgments made in preparing financial statements including analyses of alternative GAAP methods as well as the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

- xxiii. In conjunction with the Board of Directors, evaluate the qualifications of its members and its own performance on an annual basis.
 - xxiv. Meet separately and privately, on a regular basis, with the independent auditors, the head of internal audit and with members of management.
 - xxv. Establish policies regarding the employment and retention of current or former employees of the Company's independent auditor.
 - xxvi. With respect to complaints concerning accounting, internal accounting controls or auditing matters:
 - Review and approve procedures for receipt, retention and treatment of complaints received by the Company, and
 - Establish procedures for the confidential, anonymous submission of complaints by employees of the Company regarding questionable accounting or auditing matters to the Audit Committee.
 - xxvii. Establish levels for payment by the Company of fees of the independent auditors, any advisors retained by the Audit Committee and ordinary administrative expenses of the Audit Committee.
 - xxviii. Receive regular reports from the Chief Executive Officer, Chief Financial Officer and the Company's Disclosure Control Committee representative on the status of the Company's disclosure controls and related certifications, including disclosure of any significant deficiencies in the design or operation of internal controls and any fraud that involves management or other employees with a significant role in internal controls.
 - xxix. Prepare the report of the Audit Committee required by the SEC to be included in the Company's annual proxy statement.
- b. Oversee the Company's compliance program, including its Code of Conduct and ethics and compliance program, with respect to legal and regulatory requirements and review the Company's policies and procedures for monitoring compliance.

Review with the Company's general counsel or head of ethics and compliance (i) the Company's Code of Conduct and ethics and compliance policies for applicability and relevance and to ensure the Company's compliance with applicable laws and regulations and (ii) any proposed waivers of the Code of Conduct for directors and officers, in each case, on a periodic basis, but no less frequently than once a year on a comprehensive basis.



- c. The Company's financial management, including the internal audit function as well as the independent auditors, have more time, knowledge, and more detailed information regarding the Company than do Audit Committee members. Therefore, the Audit Committee is not expected to provide any expert or special assurance as to the Company's financial statements or any professional certification as to the work of the internal or independent auditors.
- d. The Company shall provide appropriate funds for the Audit Committee to perform its responsibilities and shall pay for any accounting firm engaged to issue an audit report or perform other audit, review or attest services, any independent counsel and any other advisor retained by the Audit Committee.

4. Membership and Organization

- a. Members of the Audit Committee and its Chairperson shall be designated from time to time by the Board and shall serve for such period of time as may be determined by the Board. However, the Chairperson of the Audit Committee shall not serve in that capacity for a term longer than four consecutive years.

The Audit Committee shall be composed of no fewer than three members, each of whom must be determined by the Board of Directors to be independent directors in accordance with the rules of the New York Stock Exchange and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended. No member of the Audit Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board of Directors (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and (ii) discloses such determination either on or through the Company's website or in the annual proxy statement.

- b. Action taken by the majority of the members present at a meeting at which a quorum is present and action taken by the written consent of all members shall constitute action of the Audit Committee.
- c. Each member of the Audit Committee shall meet the requirements of the New York Stock Exchange in effect from time to time, and
 - i. Shall have no relationship to the Company that may interfere with the exercise of their independence from management and the Company.
 - ii. Shall have a working familiarity with basic finance and accounting practices (or acquire such familiarity within a reasonable period of time after appointment to the Audit Committee).
 - iii. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the SEC.
- d. The members of the Audit Committee shall be designated by the Board annually and shall serve until such member's successor is duly designated or until such member's earlier resignation or removal. Any member of the Audit Committee may be removed from the Audit Committee, with or without cause, by a majority vote of the Board.



- e. The Chairperson of the Audit Committee shall be designated by the Board. The Corporate Secretary of the Corporation shall be the Secretary of the Board Audit Committee unless the Audit Committee designates otherwise.
- f. The Chairperson of the Audit Committee shall be responsible for scheduling all meetings of the Audit Committee and providing the Audit Committee with a written agenda for each meeting. The Chairperson shall preside at meetings of the Audit Committee.
- g. The Audit Committee shall meet as often as may be deemed necessary or appropriate, but no fewer than four times annually. The Audit Committee shall periodically meet separately with each of management, the independent registered public accountants and the head of internal audit to discuss any matters that the Audit Committee or each of these groups believe would be appropriate to discuss privately. The Audit Committee shall periodically meet in executive session absent management. In addition, the Audit Committee should meet with the independent registered public accounting firm and management quarterly to review the Company's financial statements in a manner consistent with that outlined in Section 3 of this Charter.
- h. The Audit Committee may delegate authority to act upon specific matters within determined parameters to a subcommittee consistent with the delegation of such powers to the Audit Committee by the Board, including the authority of one or more independent members to grant pre-approvals of audit and permitted non-audit services; provided that decisions of such subcommittee to grant pre-approval, shall be presented to the full Audit Committee at its next scheduled meeting.

5. Conclusion

The Audit Committee and the Board of Directors follow thoughtful business practices and exercise sound, independent business judgment in carrying out their responsibilities. This Charter is not intended to expand the liability exposure of the Audit Committee or the Board, or the members of either. The Audit Committee may recommend and the Board of Directors may amend, modify, or alter the Charter or the policies and procedures utilized by the Audit Committee in carrying out its oversight and review responsibilities as circumstances may warrant.