



PAE INCORPORATED

AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of PAE Incorporated (the “**Company**”) was adopted by the Board, effective February 10, 2020.

I. Purpose

The purpose of the Committee is to oversee the accounting and financial reporting processes of the Company and its subsidiaries and the audits of the financial statements of the Company.

II. Composition

The Committee shall consist of three or more directors, each of whom shall satisfy the independence, financial literacy and experience requirements of Section 10A of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), the Nasdaq stock exchange (“**NASDAQ**”), any other regulatory requirements, and any additional requirements that the Board deems appropriate.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. Each member of the Committee must not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. In addition, at least one member of the Committee must be designated by the Board to be the “audit committee financial expert,” as defined by the Securities and Exchange Commission (the “**SEC**”) pursuant to the Sarbanes-Oxley Act of 2002 (the “**Act**”).

The members of the Committee shall be appointed by the Board. The members of the Committee shall serve for such term or terms as the Board may determine or, with respect to any member, until their earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause by a majority vote of the Board. Any vacancy on the Committee shall be filled by majority vote of the Board.

The chairperson of the Committee shall be designated by the Board, *provided that* if the Board does not so designate a chairperson, the members of the Committee, by majority vote, may designate a chairperson.

III. Meetings and Procedures

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide

pertinent information as necessary. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee has the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's bylaws, guidelines, or policies that are applicable to the Committee.

IV. Duties and Responsibilities

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to changing circumstances or conditions. The Committee shall have the authority to delegate any of its responsibilities, along with the authority to act in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion. The following duties and responsibilities are within the authority of the Committee and the Committee shall, consistent with and subject to applicable law and rules and regulations promulgated, as applicable, by the SEC, NASDAQ, or any other applicable regulatory authority:

Selection, Evaluation, and Oversight of the Auditors

(a) Be directly responsible for the appointment, compensation, retention and oversight of the work of any 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, and each such registered public accounting firm must report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing an audit report for inclusion in the Company's Annual Report on Form 10-K or any registration statement is referred to herein as the "***independent auditors***");

(b) Review and, in its sole discretion, approve in advance the Company's independent auditors' annual engagement letter, including the proposed fees contained therein, as well as all audit engagements and, as provided in the Act and the SEC rules and regulations promulgated thereunder, all permitted non-audit engagements and relationships between the Company and such independent auditors (which approval should be made after receiving input from the Company's management, if desired). Approval of audit and permitted non-audit services will be made by the Committee or by one or more members of the Committee as shall be designated by the Committee/the chairperson of the Committee and the persons granting such approval shall report such approval to the Committee at the next scheduled meeting;

(c) Review the performance of the Company's independent auditors, including the lead partner of the independent auditors, and, in its sole discretion (subject, if applicable, to shareholder ratification), make decisions regarding the replacement or termination of the independent auditors when circumstances warrant;

(d) Evaluate the independence of the Company's independent auditors by, among other things:

(i) obtaining and reviewing from the Company's independent auditors, at least annually, a formal written statement delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard 1 of the Public Company Accounting Oversight Board (the "**PCAOB**"), or other applicable SEC or PCAOB regulations; and

(ii) actively engaging in a dialogue with the Company's independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors and taking, or recommending that the full Board take, appropriate action to oversee the independence of the independent auditors.

In its evaluation of the objectivity and independence of its independent auditors, the Company may also consider:

(iii) reviewing the hiring policies for employees or former employees of the Company's independent auditors;

(iv) monitoring compliance by the Company's independent auditors with the audit partner rotation requirements contained in the Act and the rules and regulations promulgated by the SEC thereunder;

(v) monitoring compliance by the Company of the employee conflict of interest requirements contained in the Act and the rules and regulations promulgated by the SEC thereunder; and

(vi) confirming that audit partner compensation is consistent with applicable SEC rules.

Oversight of Annual Audit and Quarterly Reviews

(a) Review and discuss with the independent auditors their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year;

(b) Review and discuss with the independent auditors the matters required to be discussed by the applicable requirements of the PCAOB and the SEC;

(c) Review with management, the person performing the internal audit function and the Company's independent auditors the following information that is required to be reported by the independent auditor:

(i) all critical accounting policies and practices, including estimates, to be used, and new accounting pronouncements;

(ii) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;

(iii) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted differences; and

(iv) any material financial arrangements of the Company which do not appear on the financial statements of the Company.

(d) Discuss with the independent auditor any audit problems or difficulties and management's response, and resolve all disagreements between the Company's independent auditors and management regarding financial reporting.

Oversight of Financial Reporting Process and Internal Controls

(a) Review the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis through inquiry and discussions with the Company's independent auditors and management;

(b) Review with the chief executive officer, chief financial officer and independent auditors, periodically, the following:

(i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

(c) Discuss guidelines and policies governing the process by which senior management of the Company assess and manage the Company's exposure to risk, as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;

(d) Receive periodic reports from the Company's independent auditors, management, and the director of the internal audit department to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;

(e) Review and discuss with the independent auditors the results of the year end audit of the Company, including any comments or recommendations of the Company's independent auditors and the Company's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and, based

on such review and discussions and on such other considerations as it determines appropriate, recommend to the Board whether the Company's financial statements should be included in the Annual Report on Form 10-K;

(f) Review and discuss the quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations."

(g) Establish and maintain free and open means of communication between and among the Committee, the Company's independent auditors and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis; and

(h) Review the type and overall presentation of information to be included in the Company's earnings press releases (including the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies (which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made) and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance).

Miscellaneous

(a) Adjudicate proposed transactions or courses of dealings with respect to which executive officers or directors or members of their immediate families have an interest (including all transactions required to be disclosed by Item 404(a) of Regulation S-K);

(b) Meet periodically with counsel when appropriate, to review legal and regulatory matters, including (i) any matters that may have a material impact on the financial statements of the Company and (ii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees, or agents or breaches of fiduciary duty to the Company;

(c) Ensure the preparation of the Audit Committee Report for inclusion in the Company's annual proxy statement;

(d) Review the Company's program to monitor compliance with the Company's Code of Conduct, and meet periodically with the Company's Chief Ethics and Compliance Officer to discuss compliance with the Code of Conduct;

(e) Establish and oversee procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(f) Secure independent expert advice to the extent the Committee determines it to be appropriate, including retaining, with or without Board approval, independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities, the cost of such independent expert advisors to be borne by the Company;

(g) Review and assess the adequacy of this Charter annually and submit any recommended changes to the Board for its consideration; and

(h) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

V. Investigations and Studies; Outside Advisers; Funding

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary.

The Company must provide for appropriate funding, as determined by the Committee, for payment of compensation to any independent counsel, experts or advisers, to the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

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While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit, or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. It is not the duty or responsibility of the Committee or its members to i) conduct "field work" or other types of auditing or accounting reviews or procedures, ii) set auditor independence standards, or iii) determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. Accordingly, each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, and (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable federal or state law.