

Note:

Reference to 'Company' shall mean QinetiQ Group plc

Reference to 'Committee' shall mean the Remuneration Committee

Reference to 'Board' shall mean the Board of Directors of the Company

1. Membership	<p>Members of the Committee shall be appointed by the Board. The Committee shall comprise at least three members (not counting the Chair of the Board), all of whom shall be independent non-executive directors. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair.</p> <p>Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chief Executive, CFO and the Chief People Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.</p> <p>The Board shall appoint the Committee Chair who shall be an independent, non-executive director, with sufficient expertise and experience of the Company to fulfil their role, and who will normally have served at least 12 months on a remuneration committee previously. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.</p>
2. Secretary	<p>The Secretary of the Company, or his or her nominee, shall be the Secretary of the Committee.</p>
3. Quorum	<p>The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.</p>
4. Meetings	<p>The Committee shall meet at such times as required to discharge its duties and otherwise as any member of the Board shall require.</p>
5. Notice of meetings	<p>Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Committee Chair or any member of the Committee.</p> <p>Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be circulated to each member of the Committee and any other person as necessary, no fewer than four working days before the date of the meeting, or circulated at such other times as might be agreed between the Committee Chair and the Secretary.</p>
6. Minutes of meetings	<p>The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.</p> <p>Minutes of Committee meetings shall be circulated to all members of the Committee and, following approval by the Committee, to the Board unless it would be inappropriate to do so.</p>
7. Engagement with shareholders and employees	<p>The Committee Chair shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.</p> <p>The Committee Chair shall meet with the workforce annually via the Global Employee Voice to discuss how executive remuneration aligns with the Company reward policy.</p>

8. Duties	<p>The Committee shall:</p> <ul style="list-style-type: none"> • Determine and recommend to the Board the framework or broad policy for the remuneration of the Company’s Chair, Chief Executive, other executive directors, the Company Secretary and such other members of senior management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chair and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration. • In determining such framework or policy, take into account all factors which it deems necessary, including relevant legal and regulatory requirements and the provisions and recommendations of published corporate governance guidelines. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to deliver performance that is aligned with the Company’s purpose and values and are, in a fair and responsible manner, rewarded for their individual contributions to achievement of the Company’s long-term strategy, environmental, social and governance objectives. • When setting remuneration Policy for directors, review and have regard to the remuneration trends across the Company and consider the Company’s strategy, approach to risk and culture. • Review the on-going appropriateness and relevance of the Directors’ Remuneration Policy (the ‘Policy’) and ensure that it is put to a binding shareholder vote at least every three years or in any year in which there is a change to the Policy. • Within the terms of the agreed Policy and in consultation with the Chair and/or Chief Executive, as appropriate, determine the total individual remuneration package of each executive director, Company Secretary and other designated senior executives including, where appropriate, base salaries, bonuses, incentive payments and share options or other share-based awards. The Board, minus the Chair, is responsible for setting the Chair’s fees. • Determine and agree the general terms and conditions of service contracts for designated senior executives, and specific terms for the Chair, Chief Executive, other executive directors and Company Secretary and liaise with the Nominations Committee as necessary. • Obtain reliable, up-to-date information about remuneration in other companies, the views of investors and their representative bodies and governance good practice. To help it fulfil its obligations the Committee shall have full authority to appoint independent remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary. • Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any independent remuneration consultants who advise the Committee. • Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes. • Determine any Company shareholding requirements for the Group Chief Executive, other executive directors, Company Secretary and designated senior executives, ensuring that these promote long-term shareholding and support alignment with long-term shareholder interests. • Review the design and development of all share incentive plans for approval by the Board and shareholders and oversee their operation and administration. • Review the achievement of performance targets for all share incentive plans and determine the appropriateness of the level of achievement when considered against the intention of the targets. Consider whether any Company, individual or wider factors should be taken into account which would make an alternative outcome and the exercise of any of the Committee’s discretions more appropriate and aligned to the interests of
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	<p>shareholders. Monitor the frequency and magnitude of the use of discretion and review the effectiveness of the Company's framework for operating discretion.</p> <ul style="list-style-type: none"> • Establish and operate effective and enforceable safeguards, for example, the application of clawback or malus to the payment of any sum or share award, to protect against rewards for failure through appropriate risk management of any incentive arrangements to ensure that any performance-related payments reflect actual achievements. • Determine the Policy for, and scope of, pension arrangements for executive directors, the Company Secretary and designated senior executives. • Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised. • Oversee any major changes in employee benefits structures throughout the Company. • Review employee remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the Policy. • Agree the policy for authorising claims for expenses from the directors. • Ensure, where relevant, that any payments made in respect of any remuneration package are permitted under the prevailing shareholder approved remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for shareholder approval
9. Reporting Responsibilities	<p>The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.</p> <p>The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.</p> <p>The Committee shall produce a report of the Company's remuneration Policy and practices to be included in the Company's annual report and accounts in accordance with applicable regulations and ensure each year that it is put to shareholders for approval at the annual general meeting.</p>
10. Other matters	<p>The Committee shall:</p> <ul style="list-style-type: none"> • Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required. • Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members. • Keep abreast of external remuneration trends and market conditions including an annual presentation from its' external remuneration advisors. • Give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate. • Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
11. Authority	<p>The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.</p>