



AEA TECHNOLOGY plc
REMUNERATION COMMITTEE
TERMS OF REFERENCE

Membership

- 1 The Committee Chairman shall be appointed by the Board on the recommendation of the Nomination Committee. There shall be at least two other members, who shall be appointed by the Board, taking advice from the Committee Chairman. All members shall be independent non-executives. In addition, the Company Chairman may also be a member of, but not chair, the Committee if considered independent by the Board (having regard to the guidance in The Combined Code on Corporate Governance) on appointment as Company Chairman.
- 2 Members shall serve for a period of up to three years, which may be renewed for up to two additional three year periods and additional one year periods thereafter so long as they remain an independent non-executive director.
- 3 The quorum shall be two. In the absence of the Committee Chairman, the other members present shall choose one of them to chair the meeting. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the powers vested in or exercisable by the Committee.
- 4 The Remuneration Committee Secretary shall be appointed by the Remuneration Committee.

Meetings

- 5 The Committee will schedule a minimum of two meetings a year in March and May, and will agree further meetings at its discretion. The Committee Chairman has the power to call a meeting. Only members of the Committee have the right to attend its meetings but other individuals may be invited to attend all or part of the meeting as and when appropriate.

Duties

- 6 The Committee shall:
 - a) annually review remuneration trends throughout the group, obtain reliable up to date information about remuneration in other companies and review the ongoing appropriateness and relevance of remuneration policy;
 - b) determine and agree with the board the framework or broad policy for the remuneration of the Chairman, Executive Directors, and UK employees earning a base salary in excess of £120,000, and US or other international employees earning a base salary in excess of \$150,000 USD, or equivalent. The policy objective shall ensure that key people are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
 - c) the remuneration of non-executive directors shall be a matter for the Company Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;
 - d) within the terms of the agreed policy, determine individual remuneration packages including bonuses, incentive payments, share options, pension arrangements and any other benefits;



- e) determine the contractual terms on termination and individual termination payments, ensuring that the duty of the individual to mitigate loss is fully recognised;
- f) in determining individual packages and arrangements, give due regard to any relevant legal requirements and the comments and recommendations of the Combined Code on Corporate Governance, the UK Listing Authority's Listing Rules and associated guidance;
- g) be told of and be given the chance to advise on any major changes in employee benefit structures in the Company;
- h) agree the policy for authorising claims for expenses from the Chief Executive and from the Chairman of the Board;
- i) issue hospitality guidelines and monitor hospitality given and received by Board members;
- j) recommend an annual report for the board to put to shareholders on executive remuneration compliant with relevant legal and regulatory provisions;
- k) review annually in March its own performance, 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; and
- l) the Committee Chairman shall attend the AGM and respond to any questions raised by shareholders within the Committee's area of responsibility.

Authority

- 7 The Committee is authorised by the Board to:
- a) seek any information it requires from any employee of the Company in order to perform its duties;
 - b) within any budgetary constraints imposed by the Board be exclusively responsible for establishing the selection criteria and then for selecting, appointing and setting the terms of reference for any remuneration consultants providing advice to the Committee, at Company expense; and
 - c) obtain, at the Company's expense, outside legal or other professional advice where necessary in the course of its activities.

Approved by the Board on 30 April 2009