

The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee (the "Committee").

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee. The Committee shall normally be made up of at least three members.
- 1.2 All members of the Committee shall be independent Non-Executive Directors at least one of whom shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee in addition to the independent Non-Executive Directors.
- 1.3 The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.4 Appointments to the Committee shall be for a period of up to three years which may be extended for further periods of up to three years, provided the Non-Executive Director remains independent in the view of the Board.
- 1.5 The Board shall appoint the Committee Chairman who shall be an independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.6 In deciding upon the chairmanship and membership of the Committee, the value of ensuring that membership of the Committee is refreshed and that undue reliance is not placed on particular individuals shall be taken into account.

2. Secretary

- 2.1 The Group Company Secretary or his or her nominee shall act as the Secretary of the Committee. The Secretary shall endeavour to circulate information and papers in a timely manner to enable full consideration to be given to issues.

3. Quorum

- 3.1. 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.

4. Meetings

- 4.1 The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.
- 4.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as Chairman of the Board, Chief Executive, Group Finance Director, Chief Operating Officer, the external audit lead partner and director and representatives from the finance

function may be invited to attend all or part of any meeting as and when appropriate.

- 4.3 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the company's governance, including the Chairman of the Board, the Chief Executive, the Group Finance Director, the External Audit Lead Partner and the Head of Internal Audit.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required or invited to attend and all other Executive and Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance and any conflicts of interest.
- 6.2 Draft Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless it would be inappropriate to do so.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the group as a whole, as appropriate.

8.1 Financial Reporting

- 8.1.1 The Committee shall monitor the integrity of the financial statements of the Company including its annual and half-yearly reports, any trading updates, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

- 8.1.2 The Committee shall review and challenge where necessary:
- 8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;
 - 8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 8.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 8.1.2.4 the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
 - 8.1.2.5 all material information presented with the financial statements such as the business review and the corporate governance statements (insofar as they relate to the audit and risk management);

8.2 Narrative Reporting

- 8.2.1 Where requested by the Board, the Committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- 8.2.2 Where requested by the Board, the Committee shall review the content of trading updates, other price sensitive public reports and reports to regulators so that these documents present a fair, balanced and understandable assessment of the Company's position and prospects.

8.3 Internal Controls and Risk Management Systems

The Committee shall:

- 8.3.1 keep under review the adequacy and effectiveness of the Company's material controls, including financial, operational and compliance controls and risk management systems; and
- 8.3.2 review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

8.4 Compliance, whistleblowing and fraud

The Committee shall:

- 8.4.1 review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

- 8.4.2 review the Company's procedures for detecting fraud; and
- 8.4.3 review the Company's systems and controls for economic sanctions and for the prevention of bribery and corruption and receive reports on non-compliance.

8.5 External Audit

The Committee shall:

- 8.5.1 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment or removal of the Company's external auditor. The Committee shall review the external auditor's term of office and at least every ten years, ensure that the contract for external audit services is put out to tender. The Committee shall oversee the selection process for new auditors and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.5.2 oversee the relationship with the external auditor including (but not limited to):
 - 8.5.2.1 approving their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 8.5.2.2 approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 8.5.2.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - 8.5.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
 - 8.5.2.5 agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
 - 8.5.2.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
 - 8.5.2.7 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures; and
 - 8.5.2.8 assessing the impact of the activities of Internal Audit on external audit work.

- 8.5.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.5.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.5.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
 - 8.5.5.1 a discussion of any major issues which arose during the audit;
 - 8.5.5.2 any accounting and audit judgements; and
 - 8.5.5.3 levels of errors identified during the audit;
- 8.5.6 review the effectiveness of the audit;
- 8.5.7 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.5.8 review the management letter and management's response to the auditor's findings and recommendations; and
- 8.5.9 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

8.6 Internal audit

- 8.6.1 The Committee shall consider annually whether there is a need to establish an internal audit function and make a recommendation to the Board accordingly.
- 8.6.2 The appointment (and termination of appointment) of the Internal Audit Manager shall be subject to ratification by the Audit Committee Chairman.
- 8.6.3 The Internal Audit Manager shall attend the Committee meetings held in September each year, to review an annual internal audit plan and a summary report on activities and key issues arising from the internal audits carried out during the year.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

- 9.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report. This report shall summarise the role of the Committee, name Committee members, the frequency of, and attendance by members at, Committee meetings over the course of the year and describe the following in an appropriate and understandable way:
- 9.3.1 significant issues that the Committee considered in relation to the financial statements or otherwise, and how these were addressed;
 - 9.3.2 an explanation of how it assesses the effectiveness of the external audit process;
 - 9.3.3 the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm and when a tender was last conducted; and
 - 9.3.4 an explanation of how auditor objectivity and independence is safeguarded where the auditor provides non-audit services.

10. Other

- 10.1 The Committee shall:
- a. have access to sufficient resources in order to carry out its duties including access to the Company secretariat for assistance as required; and
 - b. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 10.2 In carrying out its duties, the Committee shall give due consideration to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code and the UK Listing Authority's Listing Rules, Prospectus and Disclosure and Transparency Rules and associated guidance and any other applicable Rules, as appropriate.
- 10.3 The Committee shall oversee the investigation of any activities which are within its terms of reference and report its findings to the Board as appropriate.
- 10.4 The Committee shall arrange for periodic reviews of its own performance and, at least annually, of 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

The Committee is authorised:

- 11.1 to seek any information it requires from any employee of the Company in order to perform its duties;

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TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

- 11.2 in connection with its duties, to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 11.3 to call any employee to be questioned at a meeting of the Committee as and when required.

12. Publication of the terms of reference

- 12.1 These terms of reference shall be made available by publication on the Company's website with an explanation of the Committee's role and the authority delegated to it by the Board.

By Order of the Board

28 August 2015