

DIGITAL MARKETING GROUP PLC

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

Constitution

1. It is resolved that a committee of the board be established, to be known as the remuneration committee.

Membership

2. The remuneration committee members shall be appointed by the board in accordance with the Company's articles of association from amongst the non-executive directors of the Company.
3. The remuneration committee shall comprise at least two members.
4. Each member shall hold office as a committee member for a period of up to three years.
5. The first members of the remuneration committee shall be Stephen Davidson, Barry Jenner, Ian Robinson and Andrew Wilson.
6. The chairman of the remuneration committee shall be appointed by the board from among the members of the remuneration committee and shall be Barry Jenner at the date of approval of these terms of reference. In the absence of the chairman of the remuneration committee (and/or an appointed alternate member), the members present at any meeting of the committee should elect one of their number to chair the meeting.
7. The chairmen and members shall be listed each year in the annual report.
8. The company secretary or their nominee shall be the secretary of the remuneration committee.
9. If any member of the remuneration committee is unable to act for any reason, the chairman of the remuneration committee may appoint another non-executive director of the Company, to act as that member's alternate.
10. The members of the remuneration committee shall serve on the remuneration committee at the discretion of the board and may be removed by the board.
11. Each member of the remuneration committee shall disclose to the remuneration committee:
 - (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the remuneration committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the remuneration committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the board) shall resign from the remuneration committee.

Attendance at meetings

12. No one other than the remuneration committee chairman and members of the remuneration committee is entitled to be present at a meeting of the remuneration committee. The remuneration committee chairman and members shall, however, have the discretion to decide who else shall be invited to attend. The chairman of the company and/or the chief executive shall be invited by the remuneration committee to attend meetings to discuss the performance of the other executive directors and to make proposals as necessary. The remuneration committee may consult the other non-executive directors in its evaluation of the chief executive. No director shall be present when his own remuneration is being discussed. No director shall be involved in any decision as to his own remuneration.

Meetings

13. The chairman of the remuneration committee may convene meetings at his discretion. A meeting of the remuneration committee may be called by any member of the remuneration committee or by the secretary, but in any event a meeting shall be held at least twice in each year.
14. The quorum for meetings of the remuneration committee shall be two members present throughout the meeting in person or by telephone.
15. Where possible, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate shall be forwarded to each member of the remuneration committee and to each other person invited to attend, not less than five working days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the remuneration committee to all members of it and to arrange such meetings so that members are able to attend them.
16. A member of the remuneration committee may participate in a remuneration committee meeting by telephone.
17. In the event of equality of votes, the chairman of the remuneration committee shall have a casting vote.
18. The secretary of the remuneration committee shall prepare minutes of any meeting of the remuneration committee and, after approval and signature by the chairman of the remuneration committee, shall submit them to all members of the board and any invited attendees, if applicable.
19. The chairman of the remuneration committee shall be available to answer questions about the committee's activities at the annual general meeting of the Company. All members of the remuneration committee shall make all reasonable efforts to attend the annual general meeting.

Authority and duties

20. The remuneration committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee of the Company or any of its subsidiaries in order to perform its duties. All employees are directed to co-operate with any request made by the remuneration committee.
21. The remuneration committee is authorised by the board to obtain inside and outside legal or other professional advice including the advice of independent remuneration consultants, as

well as information about remuneration practices elsewhere. The remuneration committee may, if it thinks fit, supply to others information about the company's remuneration practices and, secure the attendance at meetings of outsiders with relevant experience and expertise at the Company's expense.

22. The duties of the remuneration committee shall be:
- (a) to make recommendations to the board on the company's framework of executive remuneration and its cost;
 - (b) to determine on the board's behalf the entire individual remuneration packages for each executive director, the chairman and the company secretary and to recommend and monitor the level and structure of remuneration for each senior executive, including approving the following in respect of each executive director:
 - (i) a service contract;
 - (ii) any benefit, and/or pension and/or incentive scheme entitlement;
 - (iii) any other bonuses, fees and expenses; and
 - (iv) any compensation payable (including pension contributions) on the termination of a service contract;
 - (c) in relation to each of the Company's cash bonus and equity incentive plans, (the **Plans**) to:
 - (i) determine policy for the grant of awards/options to executive directors and senior management of Digital Marketing Group plc, to ensure that they are provided with appropriate incentives consistent with the Company's policy as stated in the directors' remuneration report for the Company's last audited financial year, as attached to these terms of reference;
 - (ii) approve all and any awards/options to executive directors and senior management, including consideration of the quantum of grants and vesting schedules;
 - (iii) set appropriate performance targets in connection with the awards and options;
 - (iv) determine whether such performance targets have been satisfied;
 - (v) approve any amendments to the Plans prior to obtaining any necessary shareholder approval; and
 - (vi) exercise any discretion specified in the rules of the Plans and generally oversee the administration of Plans offered to executive directors and/or senior management;
 - (d) to consider and review the terms of any new equity plans for executive directors and/or senior management;
 - (e) to advise on any major changes in employee benefit structures throughout the Company or group which relate to executive directors and senior executives;

- (f) to liaise with the nomination committee to ensure that the remuneration packages of newly appointed executive directors are within the Company's overall policy;
- (g) to assist the board in preparing an annual report to shareholders for the purposes of, and in accordance with, Schedule 7A of the Companies Act 1985. The report will form part of, or be annexed to, the Company's annual report and accounts;
- (h) to appoint consultants in respect of executive director remuneration and make the terms of reference of such consultants together with a statement of whether they have any other connection with the company, available (by making it available on request and placing it on the company's website);
- (i) to make available these terms of reference, explaining its role and the authority delegated to it by the board; and
- (j) to consider any other matters as referred to the remuneration committee by the board.

Reporting

- 23. The chairman of the remuneration committee shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

Other

- 24. The committee shall review 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.