

DIGITAL MARKETING GROUP PLC

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

Constitution

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

Membership

2. The nomination committee shall be appointed by the board in accordance with the Company's articles of association and comprise a minimum of three directors the majority of whom shall be non-executive directors.
3. The first members of the nomination committee shall be Stephen Davidson, Barry Jenner, Ben Langdon, Ian Robinson and Andrew Wilson.
4. The chairman of the nomination committee shall be either the chairman of the board or an independent non-executive director but the chairman of the board should not chair the nomination committee when it is dealing with the appointment of a successor to the chairmanship. The chairman of the nomination committee shall be appointed by the board from among the members of the nomination committee and shall be Stephen Davidson at the date of approval of these terms of reference. In the absence of the chairman of the nomination committee (and/or an appointed alternate member) the members present at any meeting of the committee shall elect one of their number to chair the meeting.
5. The chairman and members shall be listed each year in the annual report.
6. Each member shall hold office as a committee member for a period of up to three years, which may be extended by no more than two addition three-year periods' If any member of the nomination committee is unable to act for any reason, the chairman of the nomination committee may appoint any other non-executive director of the Company, to act as that member's alternate.
7. The company secretary or their nominee shall be the secretary of the nomination committee.
8. Each member of the nomination committee shall disclose to the nomination committee:
 - (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the nomination committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the nomination 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 nomination committee.

Meetings

9. Meetings shall be held as required.

10. No one other than the chairman and members of the nomination committee is entitled to be present at a meeting of the nomination committee. The chairman and members shall, however, have the discretion to decide who else shall be invited to attend.
11. The quorum for meetings of the nomination committee shall be two members both of whom should be non-executive directors present throughout the meeting in person or by telephone.
12. 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 nomination committee no fewer than five working days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the nomination committee to all members of it and to arrange such meetings so that members are able to attend them.
13. A member of the nomination committee may participate in a nomination committee meeting by telephone.
14. In the event of equality of votes, the chairman of the nomination committee shall have a casting vote.
15. The secretary of the committee shall prepare minutes of any meeting of the nomination committee and, after approval and signature by the chairman of the nomination committee, shall circulate them to all members of the nomination committee and to the chairman of the board and make them available to other members of the board on request.
16. The chairman of the nomination committee shall be available to answer questions about the committee's activities at the annual general meeting of the Company. All members of the nomination committee shall make all reasonable efforts to attend the annual general meeting.

Authority, duties and responsibilities

17. The nomination committee shall:
 - (a) lead the process for board appointments and make recommendations to the board be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies when they arise;
 - (b) evaluate the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
 - (c) review annually the time required from a non-executive director and assess whether he contributes effectively and demonstrates commitment to the role (including the commitment of time for board and committee meetings and other duties);
 - (d) use open advertising and search consultants where necessary to identify candidates;
 - (e) regularly review the structure, size and composition of the board (including skills, knowledge and experience) and make recommendations to the board with regard to any changes;
 - (f) keep the leadership needs of the company under review (both executive and non-executive) with a view to ensuring the continued ability of the company to compete effectively in the market;

- (g) prepare a job specification for the appointment of a chairman, including an assessment of the time commitment expected, recognising the need for availability in the event of crises;
 - (h) arrange for non-executive directors to receive a formal letter of appointment to the board, on their appointment, setting out the expected time commitment, committee service expected of them and their involvement outside board meetings;
 - (i) prepare a statement for inclusion in the annual report which complies with the recommendations of the Quoted Companies Alliance; and
 - (j) make available these terms of reference, explaining the role and the authority delegated to it by the board.
18. The nomination committee shall make recommendations to the board with regard to:
- (a) plans for succession for executive and non-executive directors;
 - (b) the re-appointment of any non-executive director at the conclusion of his term of office, having given due regard to their performance and commitment to the role;
 - (c) whether a director who is due to retire under the company's articles of association should be put forward for re-election;
 - (d) the continuation in office (or not) of any director at any time (including any director who has reached the age of 70); and
 - (e) the appointment of any director to executive or other office (other than to the positions of chairman and chief executive, the recommendation for which would be considered at a meeting of the board).
19. In nominating any directors, the nomination committee must also have regard to the provisions of the Company's relationship agreement.
20. The committee shall have the power to employ the services of such advisers as it deems necessary to fulfil its responsibilities including employing search consultants at the Company's expense.
21. The chairman of the nomination committee shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
22. 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.