



CELTIC PLC

CONSTITUTION AND TERMS OF REFERENCE

of the

NOMINATION COMMITTEE

**(Amended by resolution
of the Board of Directors
passed on 9 May 2005)**

Celtic plc
Corporate office
May 2005

CELTIC PLC
CONSTITUTION AND TERMS OF REFERENCE
OF THE NOMINATION COMMITTEE

1. Constitution

- 1.1. On 14 September 1998, the Board of Directors of Celtic plc ("**the Company**") resolved to adopt Terms of Reference to regulate the function and define the responsibilities of the Nomination Committee of the Board ("**the Committee**").
- 1.2. Those Terms of Reference were amended by Board resolution passed on 9 May 2005 and are set out in this document.

2. Membership

- 2.1. The members of the Committee shall be appointed by the Board. The majority of the members of the Committee should be independent non-executive Directors.
- 2.2. There shall be a minimum of three members of the Committee. Two members must be present to form a quorum.
- 2.3. If any member of the Committee is unable to attend a meeting of the Committee for any reason the remaining members of the Committee shall have the power to co-opt any other Director of the Company on to the Committee for the purposes of that meeting, provided that the majority of members are non-executive Directors.
- 2.4. If any member of the Committee ceases for any reason to be a Director of the Company he shall automatically cease to be a member of the Committee.
- 2.5. None of the members of the Committee shall have any personal financial interest in the matters considered by the Committee other than in their capacity as shareholders of the Company.

3. Chairman

The Board shall appoint the Chairman of the Committee. If the Chairman of the Committee is unable to attend a meeting for any reason, the remaining members of the Committee may nominate one of their number to chair the Meeting.

4. The Secretary

The Company Secretary shall be the Secretary to the Committee and shall maintain minutes of meetings of the Committee. The minutes shall be circulated to the Committee members, and to other Board members as directed by the Chairman of the Committee.

5. Meetings

- 5.1. Meetings of the Committee shall be held as often as is considered necessary but in any event at least once per year.
- 5.2. Meetings shall be convened by the Chairman of the Committee or by the Company Secretary at the request of any member of the Committee or further to a resolution of the Board.
- 5.3. Meetings shall be held at the time and place specified in the notice convening the meeting. A member may participate in a meeting of the Committee by way of conference telephone.
- 5.4. Executive Directors of the Company and the Company Secretary shall attend meetings if invited to do so by the Committee and shall supply timeously such information to the Committee, as the Committee considers necessary to enable it to carry out its functions.

6. Function

- 6.1. The Committee has responsibility for leading the process for Board appointments and making recommendations to the Board on such appointments and succession planning. In particular the Committee is responsible for: -
 - 6.1.1. identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
 - 6.1.2. before recommending an appointment, evaluating the balance of skills, knowledge and experience on the Board and in the light of this, considering the role and capabilities required for a particular appointment;
 - 6.1.3. considering succession planning, taking into account the challenges and opportunities facing the Company and what skills and experience needed on the Board in future;
 - 6.1.4. reviewing the structure, size and composition of the Board and its committees and making recommendations to the Board with regard to any changes;

- 6.1.5. monitoring the Company's and Committee's compliance with the provisions of the Combined Code on Corporate Governance ("**the Code**") relevant to the work of the Committee ;
 - 6.1.6. explaining, within the Annual Report, the activities of the Committee, the process used for appointments and the extent of the Company's compliance with the provisions of the Combined Code on Corporate Governance relevant to the Committee's work;
 - 6.1.7. making recommendations to the Board in connection with the reappointment of Directors to the Board at the expiry of their terms of office and the re-election of Directors under the retirement by rotation provisions in the Company's Articles of Association.
- 6.2. In implementing the functions referred to in paragraph 6.1, the Committee shall:
- 6.2.1. be entitled at the expense of the Company to have access to professional advice both inside and outside the Company; and
 - 6.2.2. be entitled, generally, to take such steps and actions as may be required by it to ensure compliance with the responsibilities set out in paragraph 6.

7. Appointment of Directors

When making recommendations to the Board on the selection and appointment of Directors, the Committee shall have regard to the provisions of the Combined Code on Corporate Governance, including in particular:

- 7.1. the role of a director as a member of a unitary board;
- 7.2. the maintenance of an appropriate balance between the numbers of executive and non-executive directors;
- 7.3. assessment of the independence of candidates for appointment as non-executive directors, including utilising the test set out in the Code;
- 7.4. that appointments are made on merit and against objective criteria including relevant skills, experience in listed companies and the sector, and professional and other qualifications; and
- 7.5. checking that a prospective Board member will have sufficient time to meet the commitments expected of him or her.

8. Amendment

These Terms of Reference may only be amended by authority of a resolution of the Board.

9. Articles of Association

Where applicable, the provisions of the Articles of Association of the Company shall apply to any meetings of the Committee. In the event of conflict between the Articles of Association and this Constitution, the Articles of Association shall prevail.

By Order of the Board

Robin M. Howar

Company Secretary

Date: 9 May 2005

