

Keystone Investment Trust plc

Nomination Committee Terms of Reference (Approved March 2019)

"There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board". (UK Corporate Governance Code)

1. Objective

- 1.1 The general objective of the Nomination Committee (the 'Committee') is regularly to review the Board's structure and composition, and make recommendations to the Board with regard to any new appointments.

2. Authority

The Board authorises the Committee within the scope of its responsibilities:

- 2.1. to seek any information it requires from any relevant employee of the Manager in order to perform its duties.
- 2.2. to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference, up to an initial level of £5,000 without reference to the Board.

3. Membership

- 3.1. The Committee shall be appointed by the Board and shall comprise a Chairman and at least two other members.
- 3.2. Members of the Nomination Committee shall be non-executive directors the majority of whom, in the opinion of the Board, are independent of the Company, its Manager and its advisers.
- 3.3. The Committee's membership currently comprises Karen Brade (Chairman), Ian Armfield, Katrina Hart, William Kendall and John Wood.
- 3.4. The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.
- 3.5. Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence on the outcomes of any discussions of the Committee.

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4. Secretary

- 4.1. The Company Secretary or their nominee shall act as the Secretary of the Nomination Committee.

5. Quorum

- 5.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Nomination 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 Nomination Committee.

6. Frequency of Meetings

- 6.1. The Committee shall meet at such times as the Chairman of the Nomination Committee shall require. It is expected that the Committee will meet at least once a year, unless the Board elects to undertake the Nomination Committee's functions in any year rather than delegating to the Committee.

7. Notice of Meetings

- 7.1. Meetings of the Nomination Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 7.2. 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 no fewer than five working days prior to the date of the meeting.

8. Minutes of Meetings

- 8.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 8.2. Minutes of Committee meetings shall be circulated to all Directors within 10 working days, following approval by the Chairman of the Committee.

9. Annual General Meeting

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

10. Duties

- 10.1. The Committee shall:
- 10.1.1. regularly review the structure, size and composition of the Board (including the skills, knowledge, diversity and experience) and make recommendations to the Board with regard to any adjustments that are deemed necessary;
 - 10.1.2. before any appointment is made to the Board, evaluate the balance of skills, experience, independence and knowledge on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
 - 10.1.3. be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise, with due regard for the benefits of diversity on the Board, including gender;

- 10.1.4. satisfy itself with regard to succession planning, that the processes and plans are in place with regard to the Board, so as to maintain an appropriate balance of skills and experience on the Board and to ensure progressive refreshing of the Board;
 - 10.1.5. assess and articulate the time needed to fulfil the roles of Chairman, senior independent director (if appropriate) and non-executive directors, and undertake an annual performance evaluation to ensure that all members of the board have devoted sufficient time to their duties;
 - 10.1.6. ensure, on appointment, that a candidate is able to allocate sufficient time to discharge his responsibilities and review his commitments; and
 - 10.1.7. ensure that the Secretary, on behalf of the Board, has formally written to any appointees, detailing the role and time commitments and proposing an induction plan produced in conjunction with the Chairman of the Committee.
- 10.2. It shall also make recommendations to the Board:
- 10.2.1. with regards to formulating succession plans and assessing whether the present Directors including the Chairman and Senior Independent Director should continue in post, taking into account the needs of continuity versus freshness of approach;
 - 10.2.2. as regards the re-appointment to the Board of any non-executive Director at the conclusion of his or her specified term of office; especially when they have concluded their second term;
 - 10.2.3. concerning the re-election by shareholders of any Director under the 'retirement by rotation' provisions in the Company's Articles of Association. Currently, all Directors stand for re-election annually;
 - 10.2.4. concerning any matters relating to the continuation in office as a director of any Director at any time;
 - 10.2.5. detailing items that should be published in the Company's Annual Report relating to the activities of the Committee; and
 - 10.2.6. with regard to the membership and chairmanship of any of the Board Committees.