

# Keystone Investment Trust plc

## Schedule of Matters Reserved for the Board

(updated February 2020)

### Membership

Karen Brade	– Chairman of the Board; and Chairman of the Nomination Committee
Ian Armfield	– Chairman of the Audit Committee
Katrina Hart	
William Kendall	
John Wood	

The Board, at all times, shall comprise at least four non-executive Directors of whom the majority – in the opinion of the Board - shall be independent of the Company, its Investment Manager and its advisers. The Board of Directors shall have a blend of skills sufficient in terms of expertise and experience to run the affairs of the Company. The day-to-day business of the Company shall be run by the Investment Manager.

## 1. Objective

The Board's role is to provide leadership of the Company within the framework of prudent and effective controls which enable risk to be assessed and managed.

The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews the performance of the Company.

The Board sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

All Directors must take decisions objectively in the interests of the Company.

The Board will constructively challenge and help develop proposals on strategy, scrutinise the performance of the investment manager in meeting agreed goals and objectives and monitor the reporting of performance. The Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

## 2. Authority

The Directors are authorised under the Companies Acts and the Articles of Association of the Company to:

- 2.1 Seek any information they require from:
  - The Manager's Compliance, Internal Audit and Risk personnel;
  - The Manager's Specialist Funds Division;
  - Any other relevant person within the Invesco Group;
  - External Parties, including auditors, brokers, depositary, registrars, lawyers, custodians and third party service providers.
- 2.2 Obtain outside legal or other professional advice to a level of £5,000 without prior Board approval.
- 2.3 Seek the attendance of any relevant persons from the Invesco Group at meetings as appropriate.

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### **3. Meetings**

- 3.1 A quorum for any meeting will be two members.
- 3.2 The Board may invite such other persons, internal or external, to attend its meetings, as it deems necessary.
- 3.3 Meetings of the Board shall be summoned by the Secretary at the request of the Chairman or a Director of the Board.
- 3.4 Meetings shall be held not less than four times a year. Further meetings may be convened as required. All meetings will normally be notified at least five working days in advance.
- 3.5 In accordance with the Articles of Association, a Director shall be treated as present in person at a meeting of the Board if he is in communication with the meeting by conference telephone or other communication equipment permitting those attending the meeting to hear one another.
- 3.6 The proceedings of all meetings will be minuted. Draft minutes will be circulated to all Directors within 10 working days, following approval by the Chairman.

**The Board of Directors has ultimate responsibility for:**

### **4. Strategy and Management**

The Board operates as the Management Engagement Committee by:

- 4.1 Having responsibility for the overall investment management of the Company.
- 4.2 Approving the Company's long-term objectives and strategy.
- 4.3 Approving the annual operating budgets and any material changes to them.
- 4.4 Overseeing the Company's operations and ensuring:
  - competent and prudent investment management
  - sound planning
  - an adequate system of internal control
  - adequate accounting and other records
  - compliance with statutory and regulatory obligations.
- 4.5 Reviewing performance in light of the Company's strategy, investment objectives and policy, financials and ensuring that any necessary corrective action is taken.
- 4.6 Appointing or removing the Investment Manager.
- 4.7 Reviewing the management contract with regard to any adjustment deemed necessary.
- 4.8 Reviewing the terms of the Manager's investment management fee and performance fee.
- 4.9 Developing and presenting any resolution to be put to shareholders at a general meeting (considering the rules laid down in the Company's Articles of Association).

### **5. Investment Management**

- 5.1 Agreeing a policy with the investment manager regarding voting and corporate governance issues in respect of holdings in the Company's portfolio.
- 5.2 Defining the scope of the investment manager's responsibilities, including the principal operating issues (such as the methodology for performance benchmarking, hedging, gearing, share buy-

backs and issuance) and agreeing the procedure for the investment manager to report back to the Board.

- 5.3 Identifying any circumstances in which the investment manager should refer to the Board for approval before undertaking transactions (such as dealing in any other investment fund managed by the investment manager or investing in new issues of other closed-end funds managed by others).
- 5.4 Agreeing that the investment manager inform the Board of any conflicts surrounding share trades and votes.
- 5.5 Agreeing a policy on whether the investment manager should be permitted to carry out soft commissions.
- 5.6 Changing the investment policy guidelines laid down for the investment manager.

## **6. Structure and Capital**

- 6.1 Changing the Company's capital structure including reduction of capital, share issues, share buy-backs (including the use of treasury shares).
- 6.2 Approving any policies relating to discount management policy, share buy-backs, share issuance.
- 6.3 Changing the Company's corporate structure, seeking shareholders' consent as appropriate.
- 6.4 Changing the Company's listing or its status as a plc, seeking shareholders' consent as appropriate.

## **7. Financial Reporting and Controls**

- 7.1 Approving the Annual Financial Report and Half-yearly Financial Report announcements.
- 7.2 Approving the Annual Financial Report, (including the Strategic Report, Corporate Governance Statement, Audit Committee Report, Directors' Remuneration Report, Financial Statements and Directors' Report) and the Half-yearly Financial Report.
- 7.3 Approving the dividend policy.
- 7.4 Declaring any interim dividends and recommendation of any final dividend.
- 7.5 Approving any significant changes in accounting policies or practices.
- 7.6 Approving any changes to the capital: revenue apportionment of expenses.
- 7.7 Approving any treasury policies (including borrowing parameters, foreign currency exposure and the use of financial derivatives).

## **8. Internal Controls**

- 8.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - receiving reports on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives;
  - undertaking an annual assessment of these processes and;
  - approving an appropriate statement for inclusion in the annual report.

## **9. Contracts**

- 9.1 Approving contracts which are materially, strategically or by reason of size, entered into by the Company in the ordinary course of business, for example bank borrowings.
- 9.2 Approving contracts of the Company not in the ordinary course of business, for example loans and repayments; foreign currency transactions other than those permitted in the standard guidelines; major acquisitions or disposals.
- 9.3 Approving major investments (including the acquisition or disposal of interests of more than 5 percent in the voting shares of any company or the making of any takeover offer).
- 9.4 Approving contracts with third party service providers, such as the registrar, depository, investment manager, corporate broker, for services to operate the Company

## **10. Communication**

- 10.1 Approving resolutions and corresponding documentation (Annual Financial Report) to be put forward to shareholders at a general meeting.
- 10.2 Approving all circulars, listing particulars and Interim Reports (approval of routine documents could be delegated to a committee of the Board).
- 10.3 Approving press releases concerning matters decided by the Board.

## **11. Remuneration**

### **The Board operates as the Remuneration Committee by:**

- 11.1 Determining the remuneration of the non-executive Directors, subject to the Articles of Association and shareholder approval as appropriate.
- 11.2 In determining such policy, taking into account all factors which are deemed necessary in order to ensure that members of the Board are provided with appropriate compensation and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company, also taking into account committee memberships.
- 11.3 Approving the remuneration policy for inclusion in the annual report.

## **12. Delegation of Authority**

- 12.1 Approving the terms of reference of the Audit Committee.
- 12.2 Approving the terms of reference of the Nomination Committee.
- 12.3 Receiving reports from the Audit Committee, the Nomination Committee or other ad hoc Board committees on their activities and recommendations in respect of matters to be decided.
- 12.4 Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

### **13. Corporate Governance Matters**

- 13.1 Undertaking a formal and rigorous review (annually) of its own performance, that of its committees and individual Directors.
- 13.2 Considering and determining the independence of Directors.
- 13.3 Reviewing the Company's overall corporate governance arrangements.
- 13.4 Receiving reports on the views of the Company's shareholders.
- 13.5 Considering the interests of shareholders.

### **14. Policies**

- 14.1 Approving policies, including:
  - Directors' tenure policy
  - Persons Discharging Managerial Responsibilities ("PDMR") share dealing policy
  - Directors' appointment policy
  - Communications and marketing policy
  - Corporate social responsibility policy
  - Charitable and political donations policy
  - Investment policy
  - Directors' remuneration policy
  - Buy-back and issuance policy
  - Stewardship policy

### **15. Other**

- 15.1 Approving the appointment of the Company's principal professional advisers.
- 15.2 Appointing the Company Secretary.
- 15.3 Appointing, reappointing or removing the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.
- 15.4 Prosecution, defence or settlement of litigation.
- 15.5 Approving overall levels of insurance for the Company including Directors' & Officers' liability insurance (and indemnification of Directors).
- 15.6 Approving this schedule of matters reserved for Board decisions.