

FIDELITY JAPAN TRUST PLC
(the “Company”)

Terms of Reference of the Audit Committee

The definitions used within this document are provided in Appendix 1.

1. Function

1.1 The Committee is appointed by the Board to ensure that the Company maintains the highest standards of integrity, financial reporting and internal control.

2. Membership

2.1 The Committee shall consist of a Chairman and not fewer than two other members.

2.2 Committee members shall be appointed by the Board on the recommendation of the Nomination Committee, following consultation with the Chairman of the Committee.

2.3 The majority of members shall be independent non-executive Directors and at least one should have recent and relevant financial experience. The Committee shall have competence relevant to the sector in which the Company operates. The Board Chairman may be a member of the Committee and can participate fully in the Committee's discussions.

2.4 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

2.5 Only members of the Committee have the right to attend Committee meetings. However, representatives of the Manager and the External Auditor will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.

2.6 The Company Secretary shall be the Secretary of the Committee and shall, unless and to the extent from time to time determined by the Committee, attend all meetings of the Committee.

2.7 New Committee members shall undertake an induction programme. Regular updates will be provided to Committee members regarding any proposed developments or changes in laws or regulations which affect the Company and/or the Directors and/or the Committee members.

3. Quorum

3.1 The quorum required for the transaction of business shall be two members.

4. Meetings

4.1 The Committee shall meet at least three times a year and at such other times as the Chairman of the Committee, the external auditors, the Manager's internal audit department or any Committee member shall require.

4.2 The Committee meetings should coincide with the availability of the external audit plans and immediately prior to the scheduled approval of the half-yearly reports, annual report and financial statements and related announcements and at other times as deemed necessary.

4.3 The Committee should meet the external auditors and a representative from the Manager's internal audit department at least annually without representatives of the Manager being present to discuss the remit of the audit and issues arising therefrom.

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- 4.4 The Company's external auditors shall be advised of the timing of Committee meetings and shall be invited to attend such meetings as required. The Committee shall have access to the external auditors if it so requires. The Auditors shall have the right to request a meeting with either the Committee or its Chairman.
- 4.5 The Committee shall have direct access to the Manager's compliance officer, internal audit department and other key business heads of the Manager as deemed necessary.
- 4.6 The Manager's internal audit department shall have direct access to the Chairman of the Board and the Committee Chairman.
- 4.7 The Committee shall receive information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 4.8 Minutes of the Committee meetings shall be circulated to all members of the Board unless a conflict of interest exists.

5. Duties

The Committee's duties shall be to:-

Financial Reporting

- 5.1 Review and monitor the integrity of the Company's financial statements and any formal announcements relating to the Company's financial performance. This will include the review, monitoring, approval for recommendation to the Board and/or challenge of the following:-
 - a) compliance with accounting standards, proposed changes to accounting policies and the consistency of accounting policies on a year to year basis;
 - b) decisions requiring a major element of judgement;
 - c) the valuation of the Company's investments, in particular the valuation of unlisted or other unusual investments, such as illiquid or delisted investments;
 - d) the methods used to account for significant or unusual transactions where different approaches are possible;
 - d) the clarity and completeness of disclosures and the context in which such statements are made including, but not limited to, the Strategic Report, the section of the Corporate Governance Statement relating to audit and risk management, the Report from the Audit Committee and all other material information presented within the annual report and financial statements;
 - e) the provision of the Report from the Audit Committee in the Annual Report;
 - f) significant adjustments resulting from the audit;
 - g) the going concern assumption;
 - h) the appropriateness of the Viability Statement wording in the Annual Report;
 - i) the external auditor's management letter and any major findings of the auditors pursuant to any investigations carried out by the external auditors concerning the Company's financial affairs or the Manager's system of internal controls and any response of the Manager thereto;

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- j) the letter of representation requested by the Auditor; and
 - k) compliance with Stock Exchange, Listing Rules, Prospectus Rules, Disclosure and Transparency Rules, Companies Act, Bribery Act and other legal requirements including a report from the Manager confirming that it has conducted the Company's affairs in compliance with the regulations applying to it, together with information regarding any unusual transactions or complaints relating to savings schemes or similar products.
- 6.2 provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

6.3 Review the findings of the audit with the external auditor including the discussion of major issues arising, the making of appropriate estimates and accounting or audit judgements in relation thereto, the level of errors identified during the audit and the effectiveness of the audit, taking into account the views of the external auditor.

6.4 Report to the Board where it is not satisfied with the Company's financial reporting.

External Auditor

6.5 Oversee and review the whole relationship with the external auditor including:

- a) recommendations to the Board to seek shareholder approval in general meeting of the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor. This would include the review of the auditor engagement letter at the start of each audit, the scope of the audit and recommendations on remuneration for all services compared with the overall fees received by the external audit and its partners for audit work and approval of terms including;
- b) developing and implementing a policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required;
- c) the audit plan, ensuring consistency with the scope of the audit engagement;
- d) monitoring of the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK and international professional and regulatory requirements;
- e) the external auditor's annual internal quality report, the assessment of the external auditor's qualifications, expertise and resources and the effectiveness of the process;
- f) monitoring the external auditor's compliance with relevant ethical and professional guidance on rotation of the audit partner; and
- g) considering the risks associated with audit firms withdrawing from the market and, in the case of the resignation of the external auditor, to investigate any issues that may have led to this resignation and decide if any action should be taken.

6.6 The Committee shall develop and oversee the selection and tender procedure for the appointment of the external auditor, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process. The Committee shall also ensure that the audit it put out to tender every ten years, and that the auditor is rotated every twenty years.

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Internal Control

- 6.5 Review the adequacy and effectiveness of the internal control systems including:
- a) financial, operational and compliance controls, risk management systems and the third party service providers;
 - b) discussing with the Manager the implementation of improvements and, in its duty to oversee the relationship with the external auditor, the Committee is to seek to ensure co-ordination with the activities of the Manager's internal audit function;
 - c) reviewing the Company's statement on its system of internal controls as set out in the Directors' Report in the Company's annual report and financial statements prior to endorsement of that statement by the Board, to review and assess the Managers internal audit plan and internal audit report and any communications received from the Manager's internal audit department or risk management team and the results of any matters escalated by either the Manager's internal audit department or the Audit Committee;
 - d) reviewing the Manager's procedures for compliance, detecting fraud, whistleblowing and the prevention of bribery, receiving reports from the Manager as appropriate; and
 - e) reviewing the risks contained in the Risk & Internal Control Report including the review and amendment to the risk ratings. This is in line with the requirements for the Audit Committee to review its principal risks in accordance with the Financial Reporting Council's 'Risk Management, Internal Control and Related Financial and Business Reporting' published in 2014.
- 6.6 Compile a report to shareholders to be included in the Company's annual report and financial statements.
- 6.7 Report to the Board the results of work carried out and identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

7. Reporting Responsibilities

The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

8. Assessment

- 8.1 On an annual basis the Committee should review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness. Any changes should be recommended to the Board.
- 8.2 On an annual basis the Board should review the Committee's effectiveness.

9. Remuneration

Additional remuneration should be considered for members of the Committee. The Committee Chairman should be paid more than other Members as he or she will spend more time on Committee matters.

10. Communication with Shareholders

- 10.1 Terms of reference should be available to Shareholders on the Company's pages of the Manager's website.

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10.2 The annual report and financial statements shall contain a description of the work of the Committee in discharging its responsibilities.

10.3 The Committee Chairman should be present at the AGM to answer questions through Company Chairman on the annual report and financial statements and the matters within the Committee’s remit.

11. Authority

11.1 The Committee is authorised by the Board to investigate any activity within its terms of reference.

11.2 The Committee is authorised to obtain, at the Company’s expense, outside legal or other independent professional advice on any matters within its terms of reference and to secure the attendance of external parties with relevant experience and expertise if it considers this necessary.

11.3 The Committee is authorised to seek any information it requires from the Manager in order to perform its duties and to call on the Manager to be questioned by the Committee as and when required.

11.4 The Committee has the right to publish in the Company’s annual report and financial statements the details of any issues that cannot be resolved between the Committee and the Board.

Approved at the Board Meeting on 22 July 2024

Appendix 1 - Definitions

- the “**Board**” means the Board of the Company
- the “**Code**” means the AIC Code of Corporate Governance, 2019
- the “**Committee**” means the Audit Committee of the Company
- the “**Company Secretary**” means FIL Investments International
- the “**Disclosure and Transparency Rules**” means the FCA’s Disclosure Guidance and Transparency Rules
- the “**Ethical Standard**” means the FRC’s Ethical Standard, as amended
- the “**External Auditor**” means the external auditor of the Company
- the “**Fair Value Committee**” means the committee at the Manager which appraises the Company’s unlisted investments in accordance with UK GAAP and International Private Equity Valuation Guidelines, which are reviewed by the Committee
- the “**Law**” means The Companies Act 2006
- the “**Listing Rules**” means the FCA’s listing rules
- the “**Manager**” means FIL Investments International
- the “**Minimum Standard**” means the FRC’s Audit Committees and the External Audit: Minimum Standard