CHIKARA JAPAN INCOME & GROWTH TRUST PLC

Audit & Risk Committee (the 'Committee'): Terms of Reference

Composition of the Committee

The Committee shall be comprised of three or more Directors. The Chairman of the Board may be a member of the Committee but may not act as the Committee Chairman. At least one member of the Committee shall have recent and relevant financial experience.

The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

The Chairman of the Committee shall be paid a supplement to the Director's fee in recognition of the additional duties involved.

Meetings

The Committee will meet at least three times a year, to review the drafts of the Annual and Half Year Reports of the Company, for audit planning purposes and at such other times as may be required. A quorum shall be any two members including the Chairman of the Committee, or the Chairman's nominated delegate. The minutes of each meeting of the Committee shall be circulated to all members of the Committee and other Directors of the Company. Any Director, upon request to the Secretary, may obtain copies of the Committee's agenda and minutes, provided that there is no conflict of interests.

Any action of the Committee may also be taken by an instrument or instruments in writing, including via email or other electronic means, including via the use of electronic signatures by all members of the Committee and any such action shall be as effective as if it had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

Attendance

The Committee may invite other Board members to attend meetings and may request representatives of the Auditors, Investment Manager and Administrators or any other relevant person to attend meetings, but such invitees shall have no right of attendance.

Resources

The Company Secretary shall act as Secretary to the Committee and should ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

Authority

The Committee is authorised to:

- seek any information it reasonably requires from a representative of any third party service provider in order to perform its duties;

- request a representative of a third party service provider to attend any meeting of the Committee;

- obtain at the Company's expense any external legal or other professional advice on any matters within its terms of reference; and

- have timely and unrestricted access to relevant documents relating to the affairs of the Company.

Shareholder Engagement

The Chairman of the Committee, or his or her nominated delegate, shall attend the Annual General meeting and be prepared to respond to any shareholder questions on the Committee's activities.

Principal Responsibilities

The principal responsibilities of the Committee are:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

- to review the Company's internal financial controls and the internal control and risk management systems of the Company and its third party service providers;

- to make recommendations to the Board in relation to the appointment, reappointment or removal of the external auditor and their remuneration and to approve the terms of their engagement;

- to conduct any tender process required relating to the selection of a new external auditor;

- to review and monitor the external Auditor's independence and objectivity and the effectiveness of the audit process;

- to develop and implement a policy on the engagement of the external auditor to supply non-audit services; and

- to monitor and review the Company's compliance with S1158 of the Corporation Tax Act to protect the Company's investment trust status.

The Committee shall at all times have regard to and as far as practicable comply with, or disclose why there is non-compliance with, the directors' duties contained in the Companies Act 2006, the provisions of the AIC Governance Code and FRC Minimum Standard and the requirements of the UK Listing Rules and Disclosure Guidance and Transparency Rules sourcebook published by the Financial Conduct Authority and any other applicable rules, as appropriate.

Financial Reporting

The Committee shall:

- review the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, announcements of results and related formal statements and report how these issues were addressed;

- consider significant accounting policies and whether the polices adopted are appropriate, any changes to them and any significant estimates and judgements;

- review the adequacy and scope of the external audit, compliance with regulatory and financial reporting requirements, the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context and provide an explanation of how it has assessed the independence of the external auditor and the approach taken to the appointment or reappointment of the external auditor, including information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;

- satisfy itself that the Annual and Half Year Reports and any other significant published financial information are properly and carefully prepared and give a fair representation of the Company's affairs;

- seek clarification from the Administrators of any changes in accounting policy or treatment affecting the Company's report and accounts;

- review related information presented with the financial statements, including the operating and financial review, and corporate governance statements relating to the audit and to risk management; and

- where Board approval is required for other statements containing financial information (for example, summary financial statements, significant financial returns to regulators, the key information document and release of price sensitive information), whenever practicable (without being inconsistent with any requirement for prompt reporting under the Listing Rules) the Committee shall review such statements first.

Internal Controls and Risk Management Systems

The Committee shall:

- review the reports on the internal controls of the Company's service providers which identify the risk management systems in place for assessing, managing and monitoring risks, including any new or emerging risks applicable to such service providers;

- establish a process for identifying, assessing, managing and monitoring the Company's principal and emerging risks. The Board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated;

- review reports on the conclusions of any testing carried out by the external Auditors; and

- review and approve the statements included in the Annual Report in relation to internal control.

Whistleblowing

The Committee shall, from time to time, review the arrangements by which staff of the Investment Manager and Administrator and other service providers as the Committee sees fit may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and satisfy itself that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Audit

Internal

The Committee, annually, shall monitor and review the need for an internal audit function, and make an appropriate recommendation to the Board.

External

The Committee shall, taking into account any applicable law and legislation, other professional requirements, the AIC Governance Code, FRC guidance and the FRC Minimum Standard:

Appointment, reappointment and resignation

- consider and make recommendations to the board, to be put to shareholders for approval at the Company's AGM, on the appointment, reappointment or removal of the Company's external auditor[s];

- ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms and, in respect of such tender, lead and conduct such tender

process and develop and oversee the selection process in accordance with applicable regulatory requirements, the UK Corporate Governance Code and the FRC Minimum Standard, ensuring that all tendering firms have such access as is necessary to information and individuals during the tendering process;

- if any external auditor resigns, investigate the issues leading to this and decide whether any action is required; and

- evaluate the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the Committee and consider the need to include the risk of the withdrawal of the external auditor from the market in that evaluation.

Independence and expertise

monitor, review and assess on an annual basis:

- the external auditor's independence and objectivity taking into account the relevant law, the FRC Minimum Standard and other professional and regulatory requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards to mitigate those threats including the provision of any non-audit services;

- the qualifications, expertise and resources of the external auditor and, taking into account relevant professional and regulatory requirements, the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;

- seek reassurance from the external auditor and their staff and satisfy itself that they have no relationships with the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- Fees of external auditor; and

- monitor the level of fees paid by the Company to the external auditor and assess these in the context of the legal, professional and regulatory requirements, guidance.

Non-audit services

develop and recommend to the board, and implement, the Company’s formal policy on engagement of the external auditor to supply non-audit services, including the Committee's prior approval of non-audit services.

Audit cycle

- review and approve the annual audit plan at the start of the audit cycle and ensure it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

- meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without the Manager or third-party services providers being present, to review and discuss the auditor's remit and the findings of the audit;

- consider communications from the external auditor on audit planning and findings on material weaknesses in accounting and internal control systems that come to the auditor's attention, including a review of material items of correspondence between the Company and the external auditor;

- review any representation letter(s) requested by the external auditor before they are signed by the Board and consider whether, based on its knowledge, the information provided is complete and appropriate;

- review, before its consideration by the board, the external auditor's report to the directors; and

- at the end of the audit cycle, taking into consideration relevant UK professional and regulatory requirements, assess the effectiveness of the audit process.

Other Annual Report Disclosures

The Committee shall disclose the workings of the Committee in the Annual Report, ensuring that the Terms of Reference for the Committee are generally available upon request or on the Company's website and that the Annual Report contains the Directors' explanation of their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities.

The Committee shall ensure disclosure in the Annual Report of:

- the Company's investment objective and investment policy and the Company's full portfolio listing;

- those areas of decision-making reserved to the Board and those over which the manager has discretion in including but not limited to:

a) the level of gearing set by the Board and if the fund manager operates within pre-set limits;

b) the manager's remit regarding voting and corporate governance issues by reference to the manager's policy in respect of the UK Stewardship Code.

- the manager's overall performance;

- ongoing charges figures and their impact on capital erosion per share class;

- relevant bank-borrowing covenant details and relevant CFD borrowings, indicating the consequences of any material breach;

- the significant issues that the committee considered in relation to the financial statements, and how these issues were addressed;

- an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted; and

- if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.

Review of Performance

At least once a year the Committee should 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.

Approved on 15 June 2026