



**INDEPENDENT
AUDITOR'S REPORT**

**on performance of a service that provides reasonable assurance on the
assessment of**

the remuneration report

of PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO „PEPEES” S.A.

Warsaw, 31.05.2021

**THE INDEPENDENT AUDITOR'S REPORT ON THE PERFORMANCE OF THE SERVICE
THAT PROVIDES REASONABLE ASSURANCE ON THE ASSESSMENT OF THE REMUNERATION
REPORT**

**For the General Meeting and the Supervisory Board of
Przedsiębiorstwo Przemysłu Spożywczego „PEPEES” S.A.**

We have been engaged to review the attached remuneration report of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., hereinafter referred to as "*the company*" for the years 2019 - 2020 with respect to the completeness of the information disclosed therein as required in compliance with Article 90g sec. 1-5 and 8 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies (uniform text in Journal of Laws of 2020, item 2080) (*hereinafter "the Act on Public Offering"*).

**Identification of criteria and description of the
object of the service**

The remuneration report was prepared by the Supervisory Board in order to fulfil the requirements of Article 90g sec. 1 of the Act on Public Offering. The requirements applicable to the remuneration report are contained in the Act on Public Offering. [As of the date of issuance of the guidance of the National Council of Statutory Auditors, the European Commission's guidance has not been published: In addition, supplementary guidance is provided in the Guidance on the standard presentation of the remuneration report pursuant to Directive 2007/36/EC of the European Parliament and of the Council, as amended by Directive (EU) 2017/828, regarding the encouragement of shareholder for long-term engagement]. The requirements described in the preceding sentence set out the basis for preparation of the remuneration report and are, in our opinion, appropriate criteria for our conclusion on reasonable assurance.

Pursuant to the requirements of art. 90g sec. 10 of the Act on Public Offering, the remuneration report shall be subject to evaluation by the expert auditor to check whether the information required pursuant to art. 90g sec. 1 - 5 and 8 of the Act on Public Offering is included therein. This report fulfills that requirement.

By the auditor's assessment referred to in the preceding sentence and constituting the basis for our conclusion that provides reasonable assurance, we mean the assessment of whether, in all material respects, the scope of information presented in the remuneration report is complete and the information has been disclosed with the level of detail required by the Act on Public Offering .

Liability of the Supervisory Board Members

Pursuant to the Act on Public Offering, members of the company's Supervisory Board are responsible for preparation of the remuneration report in accordance with applicable laws, and in particular for the completeness of the report and the information contained therein.

The Management Board's responsibility also includes designing, implementation and maintenance of the internal control system to ensure the preparation of a complete remuneration report that is free from material misstatement due to fraud or error.

Responsibility of the chartered accountant

Our objective was to assess the completeness of the information provided in the attached remuneration report against the criterion set out in the Identification of criteria and description of the subject matter of the service and to express an independent conclusion on the assurance service performed on the basis of the evidence obtained, that provides reasonable assurance.

We have performed the service in accordance with the regulations of the National Standard on Assurance Engagements Other than Audits and Reviews 3000 (Z) in the form of the International Standard on Assurance Engagements 3000 (Revised) - "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", adopted under Resolution No. 3436/52e/2019 of the National Council of Statutory Auditors dated 8 April 2019, as amended (*hereinafter: "KSUA 3000 (Z)"*).

This standard requires the auditor to plan and perform procedures to obtain reasonable assurance that the compensation report has been prepared completely in accordance with specified criteria.

The rational certainty means a high level of certainty by it does not guarantee that a service performed in compliance with KSUA 3000 (Z) reveals always existing distortions.

The selected procedures depend on the auditor's judgment, including his assessment of the risks of material misstatement due to fraud or error. In making those risk assessments, the auditor shall consider internal control relevant to the preparation of a complete report in order to design appropriate procedures to provide the auditor with sufficient and appropriate evidence. The evaluation of functioning of the internal control system has not been carried out in order to express a conclusion on the effectiveness of its operation.

Summary of work performed and limitations of our procedures

The procedures planned and carried out by us included, in particular:

- acknowledgment of the content of the remuneration report and comparison of the information contained therein to the applicable requirements;
- acknowledgment of resolutions of the General Meeting of the Company concerning the remuneration policy in respect to the members of the Management Board and the Supervisory Board as well as resolutions of the Supervisory Board specifying them;

- determination, by comparison with corporate documents, the list of persons for whom there is a requirement to include information in the remuneration report and to determine, by enquiries of the persons responsible for preparation of the report and, where we considered it appropriate, also directly the persons affected by the requirement to include information, whether all the information provided for by the criteria for preparation of the remuneration report has been disclosed.

Our procedures were aimed solely to obtain evidence that the information provided by the Supervisory Board in the remuneration report complies with the applicable requirements in respect to its completeness. The purpose of our work was not to assess the sufficiency of the information included in the remuneration report for the purpose of preparation of the remuneration report, nor to assess the correctness and reliability of the information contained therein, in particular as regards the amounts disclosed, including estimates made for previous years, numbers, dates, allocation methods, compliance with the remuneration policy adopted by the Management Board.

The remuneration report was not audited in accordance with National Auditing Standards. In the course of the assurance procedures performed, we did not audit or review the information used for preparation of the remuneration report and, accordingly, we do not accept responsibility for issuance or updating any reports or opinions on the company's historical financial information.

We believe that the evidence we have obtained provides a sufficient and appropriate basis for our conclusion below.

Ethical requirements, including independence

While carrying out the service, the auditor and the auditing firm complied with the independence and other ethical requirements set out in the International Code of Ethics for Professional Accountants (including the International Independence Standards) of the International Ethics Standards Board for Accountants, adopted by Resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March 2019 on the principles of professional ethics for statutory auditors (hereinafter the IESBA Code). The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We have also complied with the other independence and ethical requirements that apply to this assurance service in Poland.

Quality control requirements

The auditing firm applies the National Quality Control Standards in the form of the International Quality Control Standard 1 - "Quality Control of Companies Performing Audits and Reviews of Financial Statements and Performing Other Assurance and Related Services" adopted by Resolution No. 2040/37a/2018 of the National Council of Statutory Auditors of 3 March 2018, as amended (*hereinafter referred to as the NQCS*).

As required by the NQCS, the auditing firm maintains a comprehensive quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

The auditor's conclusion was prepared on the basis of the matters described above, and the conclusion should be read with these matters in mind.

In our opinion, the enclosed remuneration report, in all material respects, contains all the elements listed in Article 90g sections 1 - 5 and 8 of the Act on Public Offering.

Limitation of use

This report has been prepared by WBS Audyt Sp. z o.o. for the General Meeting of Shareholders and the Supervisory Board and is intended solely for the purpose described in the Identification of criteria and description of the subject matter of the service and should not be used for any other purpose.

In connection with this report WBS Audyt Sp. z o.o. does not assume any liability arising from contractual or non-contractual relations (including negligence) with respect to third parties in the context of this report. The foregoing shall not release us from liability in situations where such release is precluded by law.

Marcin Wasil

Chartered Auditor no 9846

who performed the service on behalf of WBS Audyt Sp. z o.o. with registered office in Warsaw, ul. Grzybowska 4 suite

U9B entered in the list of auditing firms under number 3685

Warsaw, 31 May 2021

