

REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD OF

"PEPEES" S.A. IN 2020

During the reporting period from 1 January 2020 to 31 December 2020 the Audit Committee of the Supervisory Board of "PEPEES" S.A. acted in accordance with the Audit Committee Regulations approved by the Supervisory Board.

During the period from 1 January 2020 to 14 April 2020, the members of the Audit Committee of the Supervisory Board of the tenth term of office, appointed under Resolution No. X/4/2019 of 24 January 2019 did not change:

1. Maciej Kaliński Chairperson of the Audit Committee
2. Krzysztof Stankowski Deputy Chairperson of the Audit Committee
3. Piotr Marian Taracha Member of the Audit Committee

On April 14, 2020, with Resolution No. X/48/2020, Mr. Robert Malinowski (an independent member of the Supervisory Board) was appointed to the Audit Committee, and with Resolution No. X/49/2020, Mr. Tomasz Nowakowski (an independent member of the Supervisory Board) was appointed to the Audit Committee.

As from 14 April 2020, the composition of the Audit Committee was as follows:

1. Maciej Kaliński Chairperson of the Audit Committee
2. Krzysztof Stankowski Deputy Chairperson of the Audit Committee
3. Piotr Taracha - Członek Komitetu Audytu,
4. Robert Malinowski Member of the Audit Committee
5. Tomasz Nowakowski - Member of the Audit

Committee. Two Audit Committee meetings were held in 2020.

On 5 March 2020 the first Audit Committee meeting was attended, apart from the its members, by the President of the Management Board of P.P.S. "PEPEES" S.A. Mr. Wojciech Faszczewski and representatives of WBS Audyt Sp. z o.o.: Mr. Marcin Wasil - the key statutory auditor and Ms Justyna Szymanowska, statutory auditor. [I A >](#)

At the Audit Committee meeting on 5 March 2020, one resolution was adopted to approve the Audit Committee Report for year 2019.

The Audit Committee also carried work out as part of the review of the separate financial statements of "PEPEES" S.A. and the statements of the PEPEES Capital Group as at 31 December 2019.

On 28 May 2020, the second meeting of the Audit Committee was held pursuant to § 10.6 of the Supervisory Board Regulations in conjunction with §§ 9.1 and 6.1 of the Audit Committee Regulations with simultaneous access by Skype.

All members of the Audit Committee took part in the meeting and the main subject of the meeting was the recommendation for the Supervisory Board in respect to the extension of the agreement with the entity authorized to audit the financial statements.

At that time, one resolution No. 2/2020 was adopted on the recommendation for the Supervisory Board to extend the agreement with the entity authorized to audit financial statements in accordance with Article 130 sec. 1 point 8 of the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Supervision ("the Act on Statutory Auditors"). In accordance with the policy for selection of the entity authorized to audit financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., the policy on the provision of allowed non-audit services by the auditing firm, entities affiliated with such an auditing firm and a member of the auditing firm's chain, including having assessed the threats and safeguards to independence referred to in Articles 69-73 of the Act on Statutory Auditors, and taking into account the procedure for selection the entity authorised to audit the financial statements of P.P.S. "PEPEES" S.A., the Audit Committee recommended to the Supervisory Board to renew the agreement with WBS Audyt Sp. z o.o.

o.o. with its registered seat in Warsaw, entered in the list of audit firms maintained by the National Council of Statutory Auditors under number 3685 and commissioned the audit of the Company's annual financial statements of

"PEPEES" S.A. and its subsidiaries i.e. PPZ "Bronisław" S.A., ZPZ "LUBLIN" Sp. z o.o., CHP Energia Sp. z o.o. and consolidated financial statements of the Capital Group.

The role of the Audit Committee was to advise the Supervisory Board on assessment of the proper implementation of budgetary and financial reporting principles and

internal control of the Company and PEPEES Capital Group, as well as cooperation with the Company's statutory auditors.

The regular activities of the Audit Committee comprised monitoring of the works related to the process of preparation of the financial statements of the Company and financial statements of PEPEES S.A. Capital Group, in close cooperation with WBS Audyt Sp. z o.o., being the auditor in this respect.

The Audit Committee concluded that the audit was carried out without any defects and that the cooperation with the Company's Management Board and its employees responsible for submission of the necessary materials for the audit was correct and efficient.

Within the framework of its statutory powers, the Audit Committee verified the independence of the statutory auditor who audited the Company's financial statements. Independence has been confirmed on the basis of the declarations made by the auditor.

The Audit Committee requests the Board of Directors to adopt this Report on its activities for the financial year from 1 January 2020 to 31 December 2020.

Warsaw, 26.04.2021

**Signatures of the Members of the
Audit Committee:**

1. Maciej Kaliński Chairperson of the Audit Committee
2. Krzysztof Stankowski Deputy Chairperson of the Audit Committee
3. Piotr Marian Taracha Member of the Audit Committee
4. Robert Malinowski Member of the Audit Committee
5. Tomasz Nowakowski Member of the Audit Committee.