

*Report of the Audit Committee of the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego*

*On operations in the financial period from 1 January 2021 to 31 December 2021*



**REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE OF THE  
SUPERVISORY BOARD OF  
PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO PEPEES S.A W ŁOMŻY**

**in the financial period from 1 January 2021 to 31 December 2021**

**I. Legal basis for the operations of the Audit Committee of the Supervisory Board of****Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A.**

The Audit Committee of the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. was established by way of Resolution of the Supervisory Board No. VIII/23/2016 on the appointment of the Company's Audit Committee. The Audit Committee operated during the reporting period in accordance with generally applicable legal regulations, particularly including the Act of 11 May 2017 on Chartered Auditors, Auditing Companies and Public Supervision (hereinafter referred to as "the Act"), as well as in accordance with the provisions of the Company's Articles of Association, resolutions of the General Meeting and the Supervisory Board, and with the Regulations of the Audit Committee approved by the Supervisory Board, adopted by way of Resolution of the Supervisory Board No. VIII/47/2017 on 09/08/2017. The areas that fall within the competence of the Audit Committee are defined in the Regulations of the Audit Committee. In accordance with the Regulations, the Audit Committee in particular oversees the integrity of financial reporting and the effectiveness of the internal control and risk management systems for financial reporting. Similarly, the Audit Committee monitors the chartered auditor's performance of the audit, including the review of the chartered auditor's independence, assessment of key issues related to the audit of the financial statements and evaluation of the results of the audit.

**II. The composition of the Audit Committee of the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. and changes therein in the financial year**

The term in office of the Audit Committee coincides with that of the Supervisory Board. The Audit Committee

was appointed on 24 January 2019 by way of Resolution No. X/4/2019, consisting of:

Maciej Kaliński	Chairperson of the Audit Committee
Krzysztof Stankowski	Deputy Chairperson of the Audit Committee
Piotr Taracha	Member of the Audit Committee

On 14 April 2020, by way of resolution of the Supervisory Board No. X/48/2020, Mr Robert Malinowski and Mr Tomasz Nowakowski were appointed as the Audit Committee members by way of Resolution X/49/2020. From 14 April 2020 to 31 December 2021, there were no changes in the composition of the Audit Committee of the Supervisory Board of PEPEES SA. and until the date of preparation of the report the Audit Committee operated with the same individuals in its ranks:

**COMPOSITION OF THE SUPERVISORY BOARD COMMITTEE AS OF 31/12/2021  
AND ON THE DATE OF THE REPORT**

Maciej Jacek Kaliński*	Chairperson of the Audit Committee
Krzysztof Stankowski*	Deputy Chairperson of the Audit Committee
Piotr Taracha*	Member of the Audit Committee
Robert Malinowski*	Committee Member of the
Tomasz Nowakowski.	Audit Committee Member

\*A member of the Audit Committee who meets the statutory criteria of independence

All members of the Audit Committee meet the criteria for independence, and within the scope required by the Act they have knowledge and experience in accounting or auditing of financial statements and in the trade in which the Company operates.

**III. Information on the number and frequency of meetings of the Audit Committee of the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A.**

The Audit Committee supported the Supervisory Board in the performance of its tasks primarily at its meetings, providing it with relevant recommendations and opinions. The Audit Committee meetings were attended by the Company's Management Board and, depending on the issue discussed at the meeting, by persons invited by the Audit Committee Chairperson. During the reporting period, for security reasons, the Audit Committee supported the activities of the Supervisory Board mainly remotely using means of direct remote communication. During the period from 1 January 2021 to 31 December 2021, the Audit Committee held four meetings on the following dates: 9 March, 26 April, 30 August, 22 September, at which it adopted 6 resolutions in total (including by voting

by circulation, the Audit Committee adopted 3 resolutions). All the meetings were held in the composition and mode for the adoption of resolutions and making recommendations.

#### **IV. Topics of the meetings of the Audit Committee of the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A.**

The Audit Committee of the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. is an advisory and opinion-forming body acting collectively and performing support and advisory functions for the Supervisory Board. The members of the Committee understand the operations of the company, including its business model and the strategy pursued, taking into account the activities of entities within its group that have a significant impact on its operations. In the financial year of 2021, the Audit Committee analysed, evaluated and submitted to the Supervisory Board relevant recommendations, conclusions related to the Company's performance, the current financial standing of the Company and the Group, the interim separate and consolidated financial statements and the reports on the operations of the Company's Management Board, profit distribution, and other matters related to the Board's responsibilities. The purpose of the Audit Committee was to provide the Supervisory Board with authoritative information and opinions to enable it to make appropriate decisions efficiently.

In 2021, the Committee's work focused primarily on the following areas:

- monitoring adequacy, effectiveness and efficiency of the system for internal control, internal audit, and the Company's risk management system;
- development and presentation of a recommendation to the Supervisory Board on the selection of an auditing firm to audit the financial statements of the Company and the Group;
- supervision and monitoring of the independence of the chartered auditor or the auditing firm,
- specification of the scope of works of the entity entitled to audit financial statements of the Company and the Capital Group;
- supervision of the relation between the Company and the entity in charge of assessing

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the financial statements

- monitoring the financial reporting process and submission of recommendations aimed at ensuring the reliability of the said process in the Company;
- analysis of the work carried out by the entity authorised to audit the statements;
- analysis of the information, material and presentations submitted by the auditor at the Committee meetings;
- analysis of the financial statements provided by the auditor;
- evaluation of the annual and interim financial statements of the Company and the Capital Group.

At its first meeting, on 9 March 2021, the Audit Committee met the Key Chartered Auditor and representatives of WBS Audyt Sp. z o.o., as regards the completion of work on the audit of the financial statements of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. and the Capital Group of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. drawn up as of 31/12/2020. The chartered auditors provided all necessary explanations and information related to the process, audit and review strategy, as well as the results and conclusions of the audit and review.

Under its authority, the Audit Committee reviewed the annual separate and consolidated financial statements and the Management Board's report on operations. The independence of the key chartered auditor, the members of the engagement team, the auditing firm and the professionals involved in the auditing process were discussed. Their independence was confirmed on the basis of the relevant declarations made to the Audit Committee.

In the opinion of the Audit Committee, the audit and review of the financial statements were carried out in accordance with the adopted timetable and, in all respects, according to relevant accounting rules. Acting pursuant to the Act, the Committee recommended to the Supervisory Board the extension of the agreement with the auditing firm WBS Audyt Sp. z o.o., with its registered office in Warsaw, ul. Grzybowska 4 lok. U9B. Having taken note of the above recommendation of

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the Audit Committee, the Supervisory Board passed a resolution on 26 April 2021 to adopt the statement on the selection of the auditing firm.

At its next meeting on 26 April 2021, the Audit Committee reviewed in detail the report on the Audit Committee's operations in the financial year of 2020, which was subsequently adopted by the relevant resolution.

The Audit Committee, by written procedure, passed three resolutions. On 25 May and 26 May 2021, it adopted the resolution on the approval of an additional assurance engagement concerning the assessment of the remuneration report prepared in accordance with the applicable Remuneration Policy under Article 90g(1) of the Act on Public Offering. Having reviewed the remuneration report on 27 May 2021, the Audit Committee resolved to recommend the remuneration report prepared in accordance with the applicable Remuneration Policy under Article 90g(1) of the Act on Public Offering.

On 30 August 2021, the Audit Committee meeting was again attended by the chartered auditor prior to the scheduled publication of the interim report on 21 September 2021. During the meeting with the chartered auditor the following issues were discussed, for instance: the independence of the key chartered auditor, the members of the engagement team, the auditing firm and the professionals involved in the process of auditing financial statements and results of the interim audit. The Audit Committee verified the above reports. Issues related to the timetable for the completion of the auditing firm were also discussed.

The Audit Committee reviewed and discussed the significant findings of the post-audit recommendations made by CMSG in 2020. Due to the limited scope and scale of its operations, the Company did not separate an organisational unit responsible for internal control systems, risk management, compliance and the internal audit function. The Audit Committee positively assessed the operations of the Company's functioning structures ensuring the adequate internal control and monitoring of risks to which the Company is exposed. The system in place was found to be effective. Given the above, in the opinion of the Audit Committee at the date of the report, there is no need to separate organisational units responsible for internal control, risk management,

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supervision of legal compliance and the internal audit function. The risk management process is correctly fulfilled by the Management Board; the actions taken by the Management Board to limit the impact of the Covid-19 pandemic and related restrictions were positively assessed by the Audit Committee. Risk areas relevant to the company and the Group were properly identified and analysed. No areas were identified for which the actions taken by the Management Board would be inadequate to the Company's standing and market requirements. In accordance with the requirements of the Best Practices for Listed Companies 2021 (DPSN2021), effective from 1 July 2021, the Audit Committee will again perform the detailed analysis and evaluation of the internal control systems, risk management, compliance and internal audit function in the financial year of 2022.

**V. Summary**

In assessing its operations in 2021, the Audit Committee considered the relevance and effectiveness of the operations carried out within the scope of its tasks and requests the Supervisory Board to adopt this Report on the operations of the Audit Committee in the financial year from

1 January 2021 to 31 December 2021.

The list of resolutions adopted by the Audit Committee in 2021 is attached as Annex 1 to this report.

Warsaw, 15/03/2022

**Audit Committee of the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego  
PEPEES Spółka Akcyjna**

1. Maciej Kaliński .....
2. Krzysztof Stankowski.....
3. Piotr Taracha .....
4. Robert Malinowski .....
5. Tomasz Nowakowski .....