

PEPEES[®] S.A.

2023

SPRAWOZDANIE Z DZIAŁALNOŚCI
KOMITETU AUDYTU W OKRESIE
OD 1 STYCZNIA 2023 R.
DO 31 GRUDNIA 2023 R.

www.pepees.pl

LEGAL BASIS FOR THE FUNCTIONING OF THE AUDIT COMMITTEE

The rules of organisation and operation of the Audit Committee are specified in the Regulations of the Audit Committee of 9 August 2017, adopted by way of resolution of the Supervisory Board No. VIII/47/2017.

The Audit Committee of the Supervisory Board of the 11th term of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. was established by way of Resolution of the Supervisory Board of the 11th term No. XI/6/2022 dated 4 May 2022 from among the Members of the Supervisory Board, as required by the Act of 11 May 2017 on Chartered Auditors, Auditing Firms and Public Supervision.

The tasks of the Audit Committee mainly arise from the Act of 11 May 2017 on Chartered Auditors, Auditing Firms and Public Supervision (the "Act on Chartered Auditors") as well as in the Regulations of the Audit Committee.

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COMPOSITION OF THE AUDIT COMMITTEE

In order to support the Supervisory Board in exercising its powers, the Supervisory Board of PEPEES S.A. has appointed the Audit Committee from among its members, which committee performs consultative and advisory functions by preparing recommendations for the Supervisory Board.

The term in office of the Audit Committee coincides with that of the Supervisory Board. The Audit Committee of the 11th term, composed as follows, continued to fulfil its duties during the 2023 financial year until 27 February 2023:

Function on the Audit Committee	Composition as at
	01/01/2023 - 27/02/2023.
Chairperson of the Audit Committee	1. Maciej Jacek Kaliński*
Members of the Audit Committee	2. Agata Czerniakowska
	3. Robert Malinowski*
	4. Kajetan Rościszewski*

*Member of the Audit Committee meeting the statutory independence criteria

On 27 February 2023, the Supervisory Board expanded the composition of the Audit Committee by appointing Mr Jacek Jan Okoński as the Deputy Chairperson. From that date until the date of the report, the composition of the Audit Committee presented itself as follows:

Function on the Audit Committee	Composition as at
	27/02/2023 – until the date of the report
Chairperson of the Audit Committee	1. Maciej Jacek Kaliński*
Deputy Chairperson of the Audit Committee	2. Jacek Jan Okoński*
Members of the Audit Committee	3. Agata Czerniakowska
	4. Robert Malinowski*
	5. Kajetan Rościszewski*

*Member of the Audit Committee meeting the statutory independence criteria

The Audit Committee of the Supervisory Board of PEPEES S.A. in the current composition meets the criteria set out by the Act on Chartered Auditors. Each member of the Audit Committee has made a representation indicating whether they meet the independence criteria or not. According to the said representations, the independence criteria referred to in the act are met by the independent members: Maciej Jacek Kaliński, Robert Malinowski, Kajetan Rościszewski and Jacek Jan Okoński. While remaining on the Audit Committee during the reporting period, none of its members reported any change in their independence status as defined in Article 129(3) of the Act on Chartered Auditors.

INFORMATION ON THE NUMBER AND FREQUENCY OF MEETINGS OF THE AUDIT COMMITTEE

In 2023, the Audit Committee consistently performed its duties as scheduled, holding regular meetings tailored to the Company's current needs. Five (5) meetings were held in the 2023 financial year on fixed dates: 27 February, 9 March, 24 March, 7 September and 18 December. During these meetings, the Committee members actively participated in the discussions, presenting their conclusions and recommendations. The works of the Audit Committee are documented in detail in the minutes of its meetings, which are an important source of information on the decisions made and illustrate the proceedings of the meetings.

With an adequate number of participating members, the conduct of the meetings was efficient and all participants demonstrated a high level of commitment to the Committee's objectives. Additionally, the participation of the members of the Company's Management Board in the Audit Committee meetings contributed to an even more valuable exchange of views and analysis of the topics under discussion.

Furthermore, two (2) of the Committee's meetings were attended by representatives of the auditor WBS Audyty Spółka z ograniczoną odpowiedzialnością, based in Warsaw. Their presence contributed to important clarifications and information on the audit processes and the conclusions of the analyses conducted.

OPERATIONS OF THE AUDIT COMMITTEE

The main purpose of the Audit Committee is to support the Supervisory Board in its financial oversight of the Company and to provide authoritative information and opinions to enable effective decision-making. The Committee's operations enhance the work of the Supervisory Board and assist it in fulfilling its statutory duties by allowing in-depth and comprehensive analyses.

The tasks of the Audit Committee are defined in Article 130 of the Act on Chartered Auditors, according to which the Audit Committee's tasks include in particular:

1. monitoring the financial reporting process and submission of recommendations aimed at ensuring the reliability of the said process in the Company;
2. monitoring the effectiveness of internal control systems, internal audit and the Company's risk management;
3. monitoring of the financial review performance, in particular the examination by the auditing firm, with the consideration of all requests and findings of the Committee of Audit Supervision, resulting from the control performed in the auditing firm;
4. control and monitoring of the independence of the auditor and the auditing firm, in particular where services other than the audit are provided for and on behalf of the Company by the auditing firm;
5. notifying the Supervisory Board of the results of the audit and to explain how the audit contributed to the integrity of the Company's financial reporting and the Committee's role in the audit process.
6. assessing the chartered auditor's independence and approving the use of non-audit services provided by the chartered auditor ("non-audit permitted services");
7. working out the policy of the selection of the auditing firm for the audit of the Company's

8. working out the policy of rendering non-audit permitted services by the auditing firm, by affiliates of the auditing firm and by a member of the auditing firm's network;
9. defining the procedure of selecting the auditing firm by the Company;
10. making recommendations to the Supervisory Board in accordance with the provisions of Article 130(1)(8) and (2) of the Act on Chartered Auditors.

During the reporting period, the Audit Committee devoted considerable attention to significant matters concerning the Company's operations. During the regular meetings, a number of issues were discussed, resolutions were adopted and opinions and conclusions were expressed, as described in the minutes of the meetings. The Committee has been involved in analysing key aspects of the Company's operations, which has been instrumental in the decisions taken.

During its meeting held on 27 February 2023, the Audit Committee examined in detail the prospects for potential changes to the PEPEES Group Strategy from 2019 to 2024. The Committee Members and the Management Board debated potential developments and possible adjustments. Various scenarios and their impact on the Company's long-term goals were analysed, highlighting the need to focus on developing a new strategy for the coming years, which is essential to ensure the Company's long-term sustainability and success.

During the next meeting, held on 9 March 2023, the Audit Committee met with representatives of the auditing firm, WBS Audyty Spółka z ograniczoną odpowiedzialnością, to discuss the audit of the Company's and the Group's 2022 financial statements being conducted. In the course of these deliberations, the conclusions and results of the audit of the financial statements of the respective companies comprising the PEPEES Group were analysed in detail. The key chartered auditors participated actively in the discussion, sharing their observations and conclusions, which provided a solid basis for the decisions made. In addition, within the scope of its statutory powers, the Audit Committee investigated the issue of the independence of the chartered auditor WBS Audyty Sp. z o.o., the auditing firm examining the Company's and the Group's financial statements. A detailed analysis and evaluation was conducted to ensure that independence was maintained in all aspects of the cooperation, which was essential to the credibility of the study conducted. Furthermore, the Audit Committee agreed to perform an additional attestation service on the evaluation of the remuneration report prepared in accordance with the applicable Remuneration Policy from Article 90g(1) of the Public Offering Act. The consent granted for the performance of this service formed the basis for the Company's subsequent decisions in the context of future actions in accordance with applicable legal provisions.

During its meeting held on 24 March 2023, the Audit Committee carefully considered the contents of its 2022 activity report, carefully considering each and every element of the information contained therein. The Committee adopted them in the relevant resolution, confirming the conformity of the information contained and expressing confidence in its accuracy and completeness. This decision was preceded by an in-depth understanding of all aspects of the report and a discussion of potential implications for the Company's future activities. In addition, having reviewed the remuneration report for the Management Board and Supervisory Board for 2022, the Committee adopted a resolution on a recommendation concerning the report prepared, which was in line with the applicable remuneration policy of Article 90g(1) of the Public Offering Act.

Continuing to monitor the Company's activities, during its meeting held on 7 September 2023, the Audit Committee Members undertook a detailed review of the audit of the Company's and Group's biannual financial statements for the period 01/01/2023 to 30/06/2023 with the auditor, discussing in depth all issues related to this review. The discussion

focused on an in-depth analysis of the survey results, the identification of potential risks and manner of managing them. Any relevant aspects that may have had an impact on the Company's long-term objectives and strategy were also discussed. Through this comprehensive approach, the Committee was capable of developing coherent and informed conclusions that could be used to inform further actions and management decisions.

As part of its competence, during its meeting held on 18 December 2023, the Committee examined in detail the internal control systems, risk management, compliance and internal audit functions, with a view to reducing potential risks to the Company's operations. These measures were taken to ensure compliance with applicable legislation and internal regulations in order to respond appropriately to any irregularities in the Company's operations. The analysis was an important part of the Committee's efforts to ensure transparency, efficiency and compliance of the Company's operations with applicable standards and regulations. As a result of its risk assessments and monitoring of processes and areas, the Committee confirmed that the Company's internal control processes, risk management and compliance oversight are operating efficiently and in line with industry requirements, contributing to the efficient operation of the enterprise.

Post each and every meeting, the Audit Committee systematically provided the Supervisory Board with comprehensive recommendations, thoroughly analysing and identifying areas requiring improvement. These recommendations focused on optimising processes and improving the Company's operations to ensure compliance with legal provisions and industry standards. By acting in this manner, the Audit Committee promoted the efficiency and stability of the Supervisory Board.

CONCLUSION

During the reporting period, the Audit Committee performed an advisory and support function for the Company's Supervisory Board as regards financial reporting, internal control and risk management, pursuant to legal provisions. Its purpose was to provide the Supervisory Board with reliable information and opinions to enable it to make effective decisions.

The Committee regularly reviewed the issues within its competence and actively responded to information received, ensuring that the communication process was transparent and correct. Using its powers, the Committee made recommendations, requested financial information, obtained explanations from the Management Board Members, Company employees and the auditors, analysed financial information, exchanged views and provided detailed information, explanations and answers.

In the Audit Committee's opinion, the Company's Management Board took all requisite steps throughout the financial year to ensure the safety and stability of the business in the context of the current situation. The activities undertaken during the year, which included analyses of issues discussed, and recommendations and opinions presented to the Supervisory Board, made it possible to maintain continuity in the ongoing work.

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

SIGNATURES OF THE SUPERVISORY BOARD MEMBERS

Maciej Jacek Kaliński

Jacek Jan Okoński

Agata Czerniakowska

Robert Malinowski

Kajetan Rościszewski

Łomża, 21. March 2024