

REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD OF "PEPEES" S.A. IN 2019

In the reporting period from 1 January 2019 to 31 December 2019, the Audit Committee of the Supervisory Board of "PEPEES" S.A. operated in accordance with the Rules of the Audit Committee approved by the Supervisory Board.

The Audit Committee members were selected in line with the regulation concerning the establishment, composition and functioning of the Audit Committee, including those concerning the independence criteria applicable to its members and the requirement to have knowledge and skills in the sector in which the issuer operates, as well as in accounting or auditing of financial statements.

In the period from 1 January 2019 to 23 January 2019, the Audit Committee established by the ninth-term Supervisory Board was active.

On 24 January 2019, the tenth-term Supervisory Board, by its resolution No. X/4/2019, established the Audit Committee in unaltered composition as follows:

1. Maciej Kaliński – Chairman of the Audit Committee,
2. Krzysztof Stankowski – Deputy Chairman of the Audit Committee,
3. Piotr Taracha – Member of the Audit Committee.

In 2019, the Audit Committee held two meetings on which it adopted no resolution.

The task of the Audit Committee was to provide advice to the Supervisory Board in the matters concerning evaluation of the correct implementation of principles of budgetary and financial reporting and internal control of the Company and the PEPEES Capital Group, and to cooperate with the Company's statutory auditors.

The object of the Audit Committee's continuous activities was to monitor the works related to the preparation of the Company's financial statements and the financial statements of the PEPEES S.A. Capital Group, in close cooperation with WBS Audyt Sp. z o.o. as the auditor in this respect.



The Audit Committee of the Supervisory Board held two meetings with the auditor. On 14 March 2019, the first meeting of the Audit Committee was held, with the participation of the auditor auditing the Company's annual report for 2018. The purpose of the meeting was to discuss the preliminary financial results of the Company PEPEES S.A. and the Capital Group, and to issue relevant opinions. WBS Audyt Sp. z o.o. prepared an additional report for the Audit Committee concerning the financial statement of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. made as at 31.12.2018. The second meeting of the Audit Committee was held on 27 August 2019, also with the participation of the auditor. The topics discussed at the meeting included the work related to the interim reviews of the reports of PEPEES S.A. and the PEPEES Capital Group as scheduled in the review of the status as at 30 June 2019.

It was found that the audit was carried out without reservations, and that the cooperation with the Company's Management Board and its employees responsible for submitting the materials necessary for the audit was correct and efficient.

Within the framework of its statutory powers, the Audit Committee verified the independence of the statutory auditor auditing the Company's financial statements. Its independence was confirmed on the basis of the declarations submitted by the auditor.

The Audit Committee requests the Supervisory Board to accept this Report on the operations of the Audit Committee in the financial year from 1 January 2019 to 31 December 2019.

Warsaw, 5 March 2020

Signatures of the Members of the Audit Committee:

1. Maciej Kaliński – Chairman of the Audit Committee,
2. Krzysztof Stankowski – Deputy Chairman of the Audit Committee,
3. Piotr Taracha – Member of the Audit Committee.