

Report of the Audit Committee for the year 2020

The Audit Committee of Rokiškio sūris AB was elected by the 28 April 2017 General Meeting of Shareholders. The Audit Committee consists of 3 members, two of which are independent members. The term of office of the Committee is four years.

The independent members of the Audit Committee meet the requirements for the members of the Audit Committee in accordance with the Regulations on the Establishment and Operation of the Audit Committee.

The activities of the Audit Committee are governed by the Republic of Lithuania Law on Audit of Financial Statements, the Resolution No. 03-14 dated 24 January 2017 of the Board of Bank of Lithuania “On the Requirements for the Audit Committees”, the Resolution No. 241-37 dated 27 February 2017 of the Director Supervision Service of Bank of Lithuania “Guidance for the application of the Requirements for the Audit Committees and efficiency of financial reporting of auditing process”, the Articles of Association of Rokiškio sūris AB and the approved Regulations of Formation and Activity of the Audit Committee.

Key functions of the Audit Committee:

1. To monitor the process of preparation of the financial statements presented by the Company and its subsidiaries;
2. To supervise the efficiency of the Company's internal control, risk management and internal audit systems;
3. To make recommendations to the Board of Directors related to selection of the external audit firm, and monitor the performance procedure of the conducted audit;
4. To monitor the independence and impartiality of the external auditor and audit firm;
5. To inform the Board of Directors about any failures of internal control related to financial reporting identified by the external and internal audit, and to make recommendations on their improvement;
6. To act fairly and responsibly in the interest of the Company and its shareholders.

The Audit Committee organizes its work taking into account the specifics of the Company's activities, external factors, changes in the legal environment.

The Committee monitored the process of preparation of the Company's financial statements. Committee members were informed of any possible discrepancies in accounting policies or disclosure issues, there was regular communication between the members of the Audit Committee and the persons responsible for the preparation of the financial statements, and information related to the independent audit work was obtained.

In 2020, the Audit Committee held 5 meetings to discuss the principles and conclusions of the consolidated financial statements for 2019, the process of preparation of the consolidated financial statements for the first half of 2020, key risks, Covid-19 impact, risk minimization measures, accounting principles and conclusions.

The financial statements of AB Rokiškio sūris Group for 2020 were audited by an independent international audit company UAB PricewaterhouseCoopers. During the meeting on 21 October 2020, the audit team of UAB PricewaterhouseCoopers discussed a summary audit plan, which sets out the general understanding of the current situation of stakeholders and UAB PricewaterhouseCoopers, description of key risk factors, impact of COVID-19, audit plan of external auditors and other issues. The Audit Committee approved the draft audit services and did not have any comments.

In accordance with the requirements of the Law on Audit of the Republic of Lithuania, the audit company submitted a written confirmation of the independence of the audit company to the Audit Committee. The Audit Committee did not identify any cases of provision of services that contradict the laws of the Republic of Lithuania on auditing and the principles of professional ethics of auditing and that may affect the independence of the audit company.

The Consolidated Group Rokiškio sūris AB consists of the parent company Rokiškio sūris, and its four subsidiaries: Rokiškio pienas UAB, Rokiškio pieno gamyba UAB, Jekabpils piena kombinats SIA and Kaunata SIA.

The Company group manages its accounting and prepares the financial statements in accordance with the International Financial Reporting Standards adopted in the European Union. The financial statements are prepared on the basis of the concept of the historical cost convention, except the available-for-sale assets, which are recognised at fair value, and non-current tangible assets, which are recognised at revalued amount.

The Board of Directors maintained close cooperation with the members of the Audit Committee, provided timely and comprehensive information related to specific nuances of the Company's accounting, finances and operation. The audit report was presented to the Board of Directors, and the action plan was prepared for elimination of the inaccuracies identified.

The Group maintains its accounting records and financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Sufficient attention is paid to the timely implementation of all legislative changes governing the preparation of financial statements.

The company carries out its activities in accordance with the business strategy prepared and approved by the Board, the main objectives of which cover the most important areas of management. In order to achieve the set goals, the Company has an internal control system. Their main functions are to analyze, evaluate and provide recommendations for improving the efficiency of the Company's business processes.

The company's business processes are managed and controlled with the help of information systems. The Company's information systems are constantly updated and improved by introducing new modules, taking into account the changing needs of the Company and business processes.

In the opinion of the Audit Committee, the Company's internal control system is efficient, impartial and independent, ensuring possibilities for the management to receive all necessary information at a set periodicity. The financial statements are prepared in due time and in accordance with the International Financial Reporting Standards adopted in the EU, and represent a correct financial situation.

Having reviewed the consolidated audited financial statements and consolidated annual report, members of the Audit Committee issued a recommendation to the Board of Directors to present the consolidated audited financial statements for the year 2020 for the approval of the Company shareholders.

Chairman of the Audit Committee



Kęstutis Kirejevas