

**REPORT ON ACTIVITIES OF THE SUPERVISORY BOARD OF  
MONDI ŚWIECIE S.A.  
FOR THE FISCAL YEAR 2008**  
*including the appraisal of the Supervisory Board performance*

The VII term of office Supervisory Board of Mondi Świecie S.A. (appointed pursuant to the resolution of the Ordinary General Meeting of Shareholders on 23 January 2007) in the period of time from 1 January 2008 to 31 December 2008 was composed of:

**I.**

Peter Oswald – Chairman of the Supervisory Board  
Peter Machacek – Deputy Chairman of the Supervisory Board  
Jarosław Kurznik – Secretary of the Supervisory Board, elected by the Company's employees  
Ryszard Gackowski – Member of the Supervisory Board, elected by the Company's employees  
Franz Hiesinger – Member of the Supervisory Board  
Gerhard Kornfeld – Member of the Supervisory Board  
Karol Mergler – Member of the Supervisory Board, elected by the Company's employees  
Kurt Mitterboeck – Member of the Supervisory Board

**II.**

Legal provisions and the documents specified below govern procedure and principles of operation for the Supervisory Board of Mondi Świecie S.A. that apply to public companies:

- Statute of Mondi Świecie S.A.
- Regulations of the Supervisory Board of Mondi Świecie S.A.
- Corporate Governance Principles.

The Supervisory Board of Mondi Świecie S.A. supervised the Company's business activities on a continuous basis through exercising its functions during Supervisory Board meetings.

In 2008, the Supervisory Board held four meetings: one in Vienna, one at the Company's registered office in Świecie and two via videoconference, during which particular Supervisory Board Members were present in Świecie and Vienna.

Regular items in the agenda for meetings of the Supervisory Board of Mondi Świecie S.A. included information on:

- current performance of the Management Board,
- financial condition of the Company,
- budgetary discipline,
- Paper Machine no. 7 project and other capital projects.

In 2008, the Supervisory Board of Mondi Świecie S.A. adopted 35 resolutions.

The most important issues the Supervisory Board dealt with in 2008 are specified below:

***The Meeting of Supervisory Board of Mondi Świecie S.A. on 4 March 2008 in Vienna***

- examination of the financial statements of the Company for the fiscal year 2007 and of the report of the Management Board on the Company's business activities for 2007,
- approval of the report of the Supervisory Board on the activities in the fiscal year 2007,
- opinion on the acceptance of the Management Board performance of duties in 2007,

- opinion on the profit distribution for 2007 as proposed by the Management Board,
- opinion on the declaration of the Company on the observance of *Best Practices of Corporate Governance 2007*,
- opinion on proposed organisational changes in the Company,
- adoption of the resolution regarding the appointment of the Member of the Management Board of the Company.

Mr Adam Mrzygłód, Chief Financial Officer, was appointed the Member of the Management Board in a secret voting.

***The Ordinary General Meeting of Shareholders on 21 March 2008 at Bristol Hotel in Warsaw, Krakowskie Przedmieście 42/44***

- in addition to Members of the Management Board of the Company, four Members of the Supervisory Board of Mondi Świecie S.A. participated in the Ordinary General Meeting of Shareholders, which, in pursuance to *Best Practices for WSE Listed Companies*, ensured the possibility of answering to questions asked by Shareholders that regarded items in the agenda. Shareholders could ask questions before and during the Ordinary General Meeting of Shareholders.

***The Meeting of Supervisory Board of Mondi Świecie S.A. on 30 May 2008 at the registered office of the Company in Świecie***

- evaluation of activities and preparations for Paper Machine No. 7 project,
- the Supervisory Board appointed Deloitte Audyt Sp. z o.o. to be a certified auditor to audit the Company's financial statement and consolidated financial statement of the Capital group of Mondi Świecie for 2008 and review semi-annual 2008 financial statements of the Company and Group.

***The Meeting of Supervisory Board of Mondi Świecie S.A. on 23 September 2008 Świecie-Vienna (videoconference)***

- approval of the agreements with duration exceeding one year:
  - sales of green energy,
  - purchase of cores,
  - purchase of starch,
  - maintenance services.
- evaluation of progress in works for Paper Machine No. 7 project,
- approval of disposal of redundant fixed assets.

***The Meeting of Supervisory Board of Mondi Świecie S.A. on 24 November 2008 Świecie-Vienna (videoconference)***

- analysis of financial condition and Company's performance
- evaluation of progress in works for Paper Machine No. 7 project,
- approval of agreements with duration exceeding one year:
  - credit agreements,
  - waste paper purchase contracts between Mondi Świecie and waste paper suppliers from abroad,
  - many years' wood purchase agreements – chips and biogas,
  - internal handling agreement for PM7 Recycling Plant.
- presentation of the proposed financial budget and capital expenditures budget for 2009.

Due to a dynamic market situation, the Supervisory Board decided that the budget 2009 would be approved by voting in writing.

The Supervisory Board decided that capital expenditures for I quarter 2009 would be approved by voting in writing.

In compliance with the amendment made to the Company's corporate documentation, the Supervisory Board approved signing significant contracts, including the ones with related entities as specified by legal provisions on current and periodical information to be reported by public companies, i.e.:

- contracts with duration exceeding one year and with the contractual value above EUR 500.000,
- contracts with duration exceeding one year and with the contractual value above EUR 250.000 per year.

### III.

#### Appraisal of the Supervisory Board performance of Mondi Świecie S.A.

The above Report presents main activities completed by the Supervisory Board in 2008. Each Supervisory Board Member exercised due diligence and was committed to exercise his obligations in the Supervisory Board.

The Supervisory Board positively appraised its performance in terms of proper functioning of the internal audit system and the significant risks management system, which, in the opinion of the Supervisory Board contributed to ensuring that financial information in statements and periodical reports is adequate and proper.

According to the Supervisory Board, the key component of the risk management at Mondi Świecie S.A. is internal audit by the Internal Audit Department, whose recommendations were used in the Company to improve control mechanism efficiency.

During the fiscal year, the Company regularly evaluated the quality of internal control and risk management systems in terms of preparation of financial statements.

Audit findings were reported both to the Management Board and Supervisory Board Members.

In 2008, when expressing its opinion on the proposition submitted by the Management Board that the Company would make a declaration regarding observance of corporate governance, the Supervisory Board approved the suggestion that the Company's approach should be selective, i.e. some principles should be excluded.

The Supervisory Board is of the opinion that such approach allowed the Company to observe adopted corporate governance principles and thus Shareholders and Company were not exposed to the need of rejecting the principles. Corporate governance principles specified in Chapter III of *Best Practices for WSE Listed Companies* were adhered to properly by Members of the Supervisory Board of Mondi Świecie S.A.

This Report was approved by the Supervisory Board on 9 March 2009 by virtue of the relevant resolution.

*Made by:*  
*Secretary of the Supervisory Board of Mondi Świecie S.A.*  
*Jarosław Kurznik*

*Peter Oswald*  
*Chairman of the Supervisory Board*