CHAPTER 4 GOVERNANCE AND COMPLIANCE

I. OUR SUPERVISORY BOARD 39
II. REPORT OF THE SUPERVISORY BOARD 40
III. CORPORATE GOVERNANCE 43
IV. REMUNERATION 54
V. RISK MANAGEMENT 61
I. OUR SUPERVISORY BOARD

A. (Antony) Burgmans  
(1947, Dutch) Chairman  
Initial appointment 2011  
Current term of office 2011-2015

- Non-executive board member of BP plc.; member of the supervisory boards of AkzoNobel N.V., AEGON N.V., SHV Holdings N.V. and Jumbo Supermarkten B.V.; and former chairman and CEO of Unilever N.V. and plc.
- Chairman of the Nominations Committee
- Member of the Remuneration Committee

L.W. (Tex) Gunning  
(1950, Dutch)  
Initial appointment 2011  
Current term of office 2011-2014

- Member of the executive committee of AkzoNobel N.V.; member of the supervisory board of Royal FrieslandCampina N.V.; former Business Group president of Unilever N.V. and plc.; and former chairman and CEO of Vedior N.V.
- Member of the Audit Committee
- Member of the Nominations Committee

M. E. (Mary) Harris  
(1966, British)  
Initial appointment 2011  
Current term of office 2011-2015

- Non-executive director at J. Sainsbury plc.; member of the supervisory board of Unibail-Rodamco S.E. and former member of the supervisory board of TNT N.V.
- Chairman of the Remuneration Committee
- Member of the Audit Committee

R. (Roger) King  
(1940, American)  
Initial appointment 2011  
Current term of office 2011-2014

- Non-executive director of Orient Overseas International Limited and Sincere Watch Limited; former member of the supervisory board of TNT N.V.; former president and CEO of Sa Sa International Holdings Limited; former chairman and CEO of ODS System-Pro Holdings Limited; former MD and COO of Orient Overseas International Limited; and former non-executive director of Arrow Electronics, Inc. (USA).
- Member of the Remuneration Committee
- Member of the Nominations Committee

S. (Shemaya) Levy  
(1947, French) Vice-Chairman  
Initial appointment 2011  
Current term of office 2011-2013

- Member of the supervisory boards of Segula Technologies Group and AEGON N.V.; former member and vice-chairman of the supervisory board of TNT N.V.; former CEO of Renault Industrial Vehicles Division and executive vice-president and CFO of Renault Group; and former member of the supervisory boards of Nissan and Renault Finance, Renault Spain and Safran.
- Chairman of the Audit Committee
- Member of the Remuneration Committee

M. (Margot) Scheltema  
(1954, Dutch)  
Initial appointment 2011  
Current term of office 2011-2013

- Vice-chairman of the supervisory board of Triodos Bank; member of the audit committee and supervisory board of ASR Verzekeringen; member of the supervisory boards of Schiphol Group, Energy Research Centre of the Netherlands, Stichting Rijksmuseum and Warmlbedrijf Rotterdam N.V.; member of the committee on External Reporting of the AFM, external member of the audit committee of Stichting Pensioenfonds ABP and member of the board of World Press Photo.
- Member of the Audit Committee
II. REPORT OF THE SUPERVISORY BOARD

The 2011 annual report (including the 2011 consolidated financial statements) has been audited by PricewaterhouseCoopers Accountants N.V. (PwC) and presented to the Supervisory Board in the presence of the Executive Board and the external auditor. PwC’s report can be found on page 138 of chapter 5.

The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the Dutch Civil Code. The members of the Executive Board have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the Dutch Civil Code and article 5:25c (2)(c) of the Financial Markets Supervision Act (Wet op het financieel toezicht). Refer to chapter 1, page 16.

The Supervisory Board recommends that the Annual General Meeting of Shareholders, to be held on 11 April 2012, adopts the 2011 consolidated financial statements of TNT Express. The Annual General Meeting of Shareholders will be asked to release the members of the Executive Board and of the Supervisory Board from liability for the exercise of their duties. The appropriation of profit approved by the Supervisory Board can be found on page 141 of chapter 5.

The Supervisory Board endorses the Executive Board’s view on 2011. The Supervisory Board therefore approved the decision by the Executive Board to propose a dividend over 2011 at €0.044 per ordinary share, of which €0.04 was already paid as an interim dividend (at the election of the shareholders either wholly in ordinary shares or wholly in cash) in August 2011. The Supervisory Board also approved the decision by the Executive Board to propose to the Annual General Meeting of Shareholders a distribution of a final dividend 2011 of €0.004 per ordinary share (at the election of the shareholders either wholly in ordinary shares or wholly in cash).

MEETINGS OF THE SUPERVISORY BOARD

In 2011, the Supervisory Board held seven (mostly evening and next-day morning) meetings. Most meetings were held with the Executive Board present. At every meeting, agenda items included business and market developments, results and positions in various markets, strategic and regulatory updates and corporate responsibility issues. Absence by any of the members of the Supervisory Board was limited. The attendance rate of the total Supervisory Board was 93%. The chairman had frequent meetings with the CEO.

In its first meeting in July 2011, the Supervisory Board discussed the composition and working methods of the Supervisory Board and its committees. The Supervisory Board discussed the half year and second quarter results and approved the 2011 interim dividend. An update on service quality and health and safety and a presentation on talent review and succession management were given. The Supervisory Board and Executive Board dedicated the evening meeting to a discussion on strategy.

In the meetings in October 2011, the third quarter results, a strategy update – including topics related to the emerging markets – were discussed. An update on road safety was provided. The Supervisory Board approved the by-laws and terms of reference of the Supervisory Board, the Supervisory Board committees and the Executive Board. The Supervisory Board met with the Executive Board to discuss the current market developments in Europe.

In the meetings in December 2011, the Supervisory Board discussed and approved the 2012 budget and the outline of the 2012 strategic plan. In addition, various governance issues were discussed.

Other topics discussed during 2011 included cost reduction programmes, specific business unit strategies, major investments, business disposals and pensions.

The Supervisory Board evaluated in a private session the functioning of the Executive Board and its members. Subsequently, the Supervisory Board discussed in a private session its own functioning as Supervisory Board, its profile, composition, competence, potential expansion and the function of its committees. As the Supervisory Board members were first appointed in May 2011, the evaluation was performed in a limited format. A full evaluation will be done in 2012.

Strategy and risk management

In July, October and December, the Supervisory Board together with the Executive Board discussed the strategy of TNT Express, which included all strategic options for the development of TNT Express and its businesses. As a result of these discussions, the Supervisory Board approved the outline of the 2012 strategic plan in December. Refer to chapter 1 for more information on TNT Express’ strategy.
The outcome of TNT Express’ risk management process, the risks identified and the mitigation plans in place to manage these risks in the short-to-medium term were shared and discussed with the Audit Committee and the Supervisory Board. More details on TNT Express’ risk management process and the strategic, operational, legal and regulatory and financial risks facing TNT Express’ are outlined in the risk section (section V) of this chapter.

MEETINGS OF THE COMMITTEES OF THE SUPERVISORY BOARD

Each committee reported its findings and conclusions on a regular basis, both verbally and in writing, to the full Supervisory Board. Minutes of the Audit Committee meetings were prepared immediately after the meeting and were available in draft to the full Supervisory Board the following morning prior to the regular Supervisory Board meeting.

Audit Committee

The Audit Committee consists of four members and is chaired by Mr Levy. In 2011, the Audit Committee met three times. All meetings were attended by the CFO, the director of Internal Audit and the director of Financial Reporting, Consolidation and Accounting. The meetings were also attended by the external auditor, PwC.

The Audit Committee discussed with PwC the 2011 half year and third quarter results and the audit strategy. It also reviewed press releases and compliance with TNT Express’ Policy on Auditor Independence and Pre-Approval, as well as internal control over financial reporting. The reports of TNT Express’ internal audit function were discussed each quarter. The Audit Committee furthermore reviewed proposals for the 2011 interim dividend, the 2012 budget plan and the internal audit plan for 2012. Other topics discussed during 2011 included pensions, impairments, Brazil’s performance and control system, investments, divestments and updates on TNT Express’ control framework.

The chairman of the Audit Committee met with the external auditor in a private session before every meeting of the Audit Committee.

Remuneration Committee

The Remuneration Committee consists of three members and is chaired by Ms Harris. Three meetings were held in 2011. The Remuneration Committee reviewed the current remuneration policy and prepared a proposal for a new remuneration policy, which was supported by the Supervisory Board. Provided it will be approved at the Annual General Meeting of Shareholders in April 2012, the new remuneration policy will become effective in 2012.

Refer to the remuneration section (section IV) of this chapter for further details on remuneration of the Executive Board and the Supervisory Board.

Nominations Committee

The Nominations Committee consists of three members and is chaired by Mr Burgmans. Both the Supervisory Board and Executive Board members were first appointed in the course of 2011. The first meeting of the Nominations Committee is scheduled for the beginning of 2012.

INDUCTION AND TRAINING

Two half-day induction programmes were held on 7 September 2011 and 27 October 2011. Senior directors presented to the Supervisory Board, TNT Express’ main functions – marketing & sales, ICS, human resources and operations – the regional business organisation and priorities. Also presented were an outline of the control and compliance framework and an overview of investor relations activities.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board currently consists of six members. TNT Express’ Articles of Association mandate that the Supervisory Board should consist of a minimum of three members. The Supervisory Board has discretion on the number of its members. The Supervisory Board has prepared a profile, which is evaluated annually, of its size and composition, taking into account the nature of TNT Express’ business and activities and the desired expertise and background of the members of the Supervisory Board. Both profile and rotation plans can be viewed on TNT Express’ corporate website (www.tnt.com/corporate).

In accordance with the Dutch Corporate Governance Code, the members of the Supervisory Board may not hold more than five memberships in supervisory boards of Dutch listed companies (including TNT Express). In this respect, a chairmanship counts twice. In 2011, the members of the Supervisory Board complied with this requirement.
DIVERSITY WITHIN THE SUPERVISORY BOARD

TNT Express adheres to best practice provision III.1.3 of the Dutch Corporate Governance Code, which states that certain information (including gender, age, expertise, nationality) must be given in the annual report on the members of the Supervisory Board themselves. The Supervisory Board has explicitly included this information about its members.

Of the six members of the Supervisory Board, two are female (33%), and 50% are non-Dutch, with a representation of four nationalities. The average age is 60, with ages ranging between 45 and 71. The majority of the members possess a university degree or equivalent. The field of expertise ranges from consultancy and finance, to general management and business experience in North America, Asia and Europe.

The profile of the Supervisory Board is such that each member must be capable of assessing the broad outline of the overall policy and should have the specific expertise required to fulfill the duties assigned to his or her designated role within the framework of the profile. Each member should have sufficient time available for the proper performance of his or her duties. The Supervisory Board has ensured its composition meets the required profile and is as independent and diverse as possible. Each member of the Supervisory Board is independent in accordance with principle III.2 of the Dutch Corporate Governance Code.

COMPLIANCE

A decision to enter into a transaction involving a conflict of interest with a member of the Supervisory Board that is of (material) significance to TNT Express or to the relevant member requires the approval of the Supervisory Board. No such transactions were entered into in 2011.

In 2011, the Supervisory Board confirms that no decision was taken by the Supervisory Board that did not comply with its by-laws.

The Supervisory Board wishes to thank the Executive Board and all employees of TNT Express for their outstanding contributions in 2011.

Supervisory Board
Hoofddorp, 21 February 2012
III. CORPORATE GOVERNANCE

External regulations
- Dutch Corporate Governance Code
- Dutch Civil Code
- Dutch Financial Markets Supervision Act
- NYSE Euronext listing rules

Internal regulations, policies and processes
- Articles of Association
- Business principles
- By-laws Supervisory Board
- By-laws Executive Board
- By-laws Management Board
- COSO – ERM\(^4\)
- Key controls/CWC\(^5\)
- Company policies
- Corporate Responsibility standards

\(^4\) COSO – ERM: Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management (ERM)
\(^5\) CWC: Company Wide Controls
This section of the Annual Report contains an overview of the corporate governance of TNT Express N.V. and also includes the information and statements that must be provided according to the Dutch governmental decree of 20 March 2009 (Stb. 2009, 154).

GENERAL

TNT Express N.V. is a public limited liability company incorporated in the Netherlands, with its registered seat in Amsterdam, the Netherlands, and is governed by Dutch law. TNT Express is organised in a two-tier management system, comprising of the Executive Board and the Supervisory Board. The Executive Board has ultimate responsibility for establishing the mission, vision and strategy for TNT Express and is charged with the overall management and performance of TNT Express. The Supervisory Board supervises and advises the Executive Board, and provides approval for certain important decisions made by the Executive Board. The two Boards are independent of each other and are accountable to the Annual General Meeting of Shareholders.

As illustrated in the diagram on page 43, the Executive Board is supported by a Management Board and dedicated functions that are responsible for internal audit, integrity, risk management, internal control, financial reporting, business control, legal compliance and human resources in the discharge of their corporate governance obligations. The composition of the Management Board is described on page 47 of this chapter.

TNT Express’ corporate governance structure and processes are based on external regulations (including the Dutch Civil Code, Dutch Financial Markets Supervision Act, Dutch Corporate Governance Code and NYSE Euronext listing rules) complemented by company articles of association, business principles, by-laws, controls and policies that comply with external legal and regulatory obligations, and internationally recognised corporate responsibility standards.

FOUNDATIONS OF TNT EXPRESS’ CORPORATE GOVERNANCE

The Executive Board is committed to a high standard of corporate governance, information and disclosure, in line with the current Dutch Corporate Governance Code and regulatory requirements. The Executive Board’s compliance statements relative to the Dutch Corporate Governance Code and the Dutch Financial Markets Supervision Act can be found on page 16.

Internal control over financial reporting

The Executive Board uses the positive elements of former obligations under the Sarbanes-Oxley Act in establishing the company’s governance and internal controls over financial reporting (ICFR). Furthermore, the Executive Board has chosen to expand the scope of the internal controls over the financial reporting framework beyond the minimum requirements that would have been mandatory according to the Sarbanes-Oxley Act, to include certain smaller entities and most entities acquired in the past few years.

TNT Express’ specific approach to internal control over financial reporting continues to be generally based on section 404 of the Sarbanes-Oxley Act of 2002 and the associated guidance to management issued by the United States Securities and Exchange Commission in May 2007. In addition, the approach is based on the principles outlined in the Auditing Standards (AS) 2 and takes into account certain elements of the AS 5 as promulgated by the Public Companies Accounting Oversight Board (PCAOB). However, TNT Express’ approach to internal control over financial reporting does not imply an assessment of the adequacy and effectiveness of TNT Express’ internal control and risk management processes over financial reporting under section 404 of the Sarbanes-Oxley Act, nor is there an assessment by TNT Express’ external auditor to that effect.

Throughout 2011, TNT Express documented and evaluated the design of internal controls over financial reporting. In addition, TNT Express continued a comprehensive programme of testing the operational effectiveness of its internal controls over financial reporting. Further initiatives on entity level controls were undertaken, including integrity awareness and training (refer to the Integrity section on the following page) and reinforcement of policies and procedures. In 2011, the Executive Board engaged the external auditor to perform specific agreed-upon procedures on the internal control over financial reporting process in all entities in scope for the ICFR programme. The Executive Board believes that this approach develops the discipline needed to maintain and embed internal control over financial reporting across the company. The findings of the external auditor are reported to the Executive Board and the Audit Committee of the Supervisory Board.

In 2012, the Executive Board plans to expand the scope and discipline of the ICFR approach to non-financial reporting areas in commercial and operational functions.
Risk management and reporting

TNT Express has a continuous, formal and structured risk management and reporting system in place. This is further explained in the risk section (section V) of this chapter.

Integrity

Guidance on integrity is set out in the TNT Express Business Principles and related policies and procedures. These policies and procedures covers among others conflicts of interest, gifts and entertainment, corruption and whistleblowing and disciplinary actions. The TNT Express Business Principles are aligned with the UN Global Compact, the World Economic Forum Partnering Against Corruption Initiative Principles and the UN Guiding Principles for Business and Human Rights, and are embedded within TNT Express’ strategic and operational decision-making processes.

By determining where risks are greatest, the TNT Express Integrity Programme has been tailored to effectively mitigate and monitor those risks, thus making the most efficient use of the resources that it can dedicate. This risk assessment considers both country-specific indicators, such as the Transparency International Corruption Perception Index, and TNT Express-specific indicators, such as audit grades, financial performance, employee engagement, customer base and integrity history. The analysis results in a risk profile (high, medium, low) awarded to each entity within TNT Express, including its associates and joint ventures. Each risk profile entails a specific training, communication and monitoring programme within a three-year cycle.

Awareness and compliance are enhanced by integrity-related communication and web-based and in-person training. Interactive integrity workshops are held for senior and higher management all over the world. In 2011, the Integrity department trained 996 managers and employees through in-person and/or web-based training (2010: 694). Subsequently, senior managers, as part of their responsibility for the roll-out of the Integrity Programme, cascade this training and communication down into their business units using the ‘train the trainer’ model. This process is facilitated and monitored by the Integrity department.

The monitoring process for integrity includes:
- a Letter of Representation signed by senior management every half-year;
- internal audits;
- a comprehensive set of internal controls; and
- an annual management self assessment.

Another important monitoring tool is the TNT Express Procedure on Whistleblowing. Under this procedure, employees are encouraged to report promptly any breach or suspected breach of any law, regulation, the TNT Express Business Principles or other company policies and procedures, or any other alleged irregularities. Employees can report the breach or suspected breach directly to their line manager or to the Integrity department. In 2011, 84 reports were received (2010: 132). Approximately 8% of these complaints involved employment-related matters (2010: 16%). The number of reports received has decreased year-on-year by 36%. The financial impact of the substantiated cases is not material and appropriate remedial actions have been taken.

Over the past 5 years, the Integrity Programme has scored 100% in the area ‘codes of conduct and compliance’ in the Industrial Goods and Services Supersector of the Dow Jones Sustainability Indexes. TNT Express is proud of this recognition, yet will continuously strive to improve and will further roll-out its Integrity Programme in order to enhance its strong ethical culture.

DUTCH CORPORATE GOVERNANCE CODE

The corporate governance structure of TNT Express is based on the requirements of the Dutch Civil Code, its Articles of Association and internal procedures and the rules and regulations applicable to companies listed on the NYSE Euronext stock exchange. TNT Express aims to enhance and improve its corporate governance standards in accordance with applicable law and regulations, with the implementation of the Dutch Corporate Governance Code being the most notable. Generally, TNT Express applies the best practice provisions set out in the Dutch Corporate Governance Code. An explanation is given below for those instances in which TNT Express does not fully comply with the best practice provisions of the Dutch Corporate Governance Code.

Best practice provision II.2.8

This provision includes a stipulation that the remuneration of a board of management member in the event of dismissal may not exceed one year’s salary (the ‘fixed’ remuneration component). At TNT Express, severance payments other than related to a change of control for members of the Executive Board are one year’s base salary. Severance payments in case of a change of control equal the sum of the last annual base salary and pension contribution plus the average bonus received over the past
three years, multiplied by two. No distinction is made between resident and non-resident members of
the Executive Board. TNT Express is of the opinion that such payment is realistic taking into account the
special position of members of the Executive Board in a change of control situation. Also, the
Supervisory Board may decide that the performance shares vest in whole or in part.

Best practice provision IV.1.1
This provision stipulates that a company's general meeting may pass a resolution to set aside the
binding nature of a nomination for the appointment of a member of the board of management or of the
supervisory board and/or a resolution to remove a member of the board of management or of the
supervisory board by an absolute majority of the votes cast, which majority may be required to represent
a proportion of the issued capital which proportion may not exceed one-third; if this proportion of the
capital is not represented at the meeting, but an absolute majority is in favour of any such resolution, a
new meeting may be convened at which the resolution may be passed by an absolute majority of the
votes cast regardless of the proportion of the capital represented at the meeting. TNT Express does not
apply this best practice provision insofar its Articles of Association provide that a binding nomination for
the appointment of members of the Executive Board or Supervisory Board or a resolution to remove a
member of the Executive Board or Supervisory Board may only be set aside by a shareholders’
resolution passed with a two-thirds majority representing more than half of TNT Express’ issued capital;
and that, with respect to a resolution to appoint a member of the Executive Board or Supervisory Board
other than in accordance with the nomination by the Supervisory Board, a new meeting cannot be
convened. TNT Express deviates from this best practice provision for reasons of stability and continuity
at the outset of its existence as an independent company.

EXECUTIVE BOARD

General
The Executive Board is responsible for the day-to-day management of TNT Express with the
deployment of its strategy, its risk profile, financing, achievement of objectives and operations,
compliance, communications and corporate responsibility issues. The Executive Board may perform all
acts it deems necessary or useful for achieving the corporate purposes of TNT Express, except for
those expressly attributed to the General Meeting or the Supervisory Board as a matter of Dutch law or
pursuant to the Articles of Association. The members of the Executive Board have joint powers and
responsibilities, and share responsibility for all decisions and acts of the Executive Board and for the
acts of each individual member of the Executive Board. The Executive Board may only adopt resolutions
with an absolute voting majority.

The Executive Board has formed several bodies to ensure compliance with applicable internal and
external regulations. The Disclosure Committee advises and assists the Executive Board in ensuring
that the disclosures of TNT Express in all reports are full, fair, accurate, timely and understandable, and
that they fairly present the condition of TNT Express in all material respects. The Ethics Committee
advises and assists the Executive Board in developing and implementing policies and procedures aimed
at enhancing integrity and ethical behaviour and preventing fraud throughout TNT Express worldwide,
and monitoring compliance with integrity and ethical behaviour standards. The Corporate Responsibility
(CR) Steering Committee advises and assists the Executive Board in developing, executing and
monitoring the performance of TNT Express’ corporate responsibility strategy and associated policies
and procedures. The CR Steering Committee is chaired by the CEO.

Appointment and removal
The members of the Executive Board are determined from time to time by the Supervisory Board. The
current Executive Board consists of two members who are appointed for a period of four years. On
expiry of the four-year term, a member of the Executive Board may be reappointed for a maximum of
four years per term.

In the event a seat is vacant, the Supervisory Board will nominate one or more candidates for each
vacant seat. A resolution of the General Meeting to appoint a member of the Executive Board in
accordance with a nomination by the Supervisory Board can be adopted with an absolute majority of the
votes cast. If the nomination by the Supervisory Board with respect to a vacant seat consists of a list of
two or more candidates, this list is binding and the vacant seat must be filled by electing a person from
this list. A resolution of the General Meeting to appoint a member of the Executive Board, other than in
accordance with a nomination by the Supervisory Board, or to deprive a binding list of candidates from
its binding character, requires a majority of at least two-thirds of the votes cast representing more than
half of the issued capital of TNT Express.

The General Meeting may suspend or remove any member of the Executive Board. A resolution of the
General Meeting to suspend or remove a member of the Executive Board other than pursuant to a
proposal by the Supervisory Board requires a majority of at least two-thirds of the votes cast representing more than half of the issued capital of TNT Express. The Supervisory Board may also suspend any member of the Executive Board. The General Meeting may terminate a suspension by the Supervisory Board at any time.

An amendment to the Articles of Association concerning the above provision will be placed on the agenda for the Annual General Meeting of Shareholders on 11 April 2012.

**Conflict of interest**

A member of the Executive Board is required to report immediately and provide all relevant information to the chairman of the Supervisory Board and to the other members of the Executive Board on any conflict of interest of significance. The same applies to any potential conflict of interest that may be of (material) significance to TNT Express and/or to the relevant member.

In the event of a conflict of interest between TNT Express and a member of its Executive Board, TNT Express will be represented by another member of the Executive Board or a member of the Supervisory Board appointed by the Supervisory Board for this purpose. A decision to enter into a transaction involving a conflict of interest with a member of the Executive Board that is of (material) significance to TNT Express or to the relevant member requires the approval of the Supervisory Board. No such transactions were entered into in 2011.

**Contract and Remuneration**

Members of the Executive Board have contracts for an indefinite period of time. The contract ends either on the date of retirement or by notice of either party. Termination of the contractual arrangements of the Executive Board requires a notice period of six months.

The remuneration of the members of the Executive Board must be determined by the Supervisory Board in accordance with the remuneration policy, adopted by the Annual General Meeting of Shareholders.

The current remuneration policy of TNT Express has been adopted by TNT N.V. prior to the demerger and is in line with the remuneration policy that was adopted by the 2010 Annual General Meeting of TNT N.V. More information on the remuneration of the members of the Executive Board can be found in note 18 of the consolidated financial statements.

**Issue of shares**

The Executive Board has been designated by the General Meeting as competent body to issue ordinary shares and preference shares and to grant rights to subscribe for ordinary shares and preference shares until and including 31 May 2014. The competency of the Executive Board as regards to ordinary shares is restricted to a maximum of 10% of the total issued and outstanding share capital at the time of issuance plus a further 10% of the total issued and outstanding share capital at the time of issuance in case an issue occurs as part of a merger or acquisition. The competency to issue preference shares and to grant rights to subscribe for preference shares is not limited and concerns all preference shares which are not yet issued of the authorised capital as it will read from time to time.

The Executive Board has also been designated by the General Meeting as competent body to restrict or exclude pre-emptive rights upon issuance of ordinary shares (including the granting of rights to subscribe for ordinary shares) until and including 31 May 2014.

A resolution of the Executive Board to issue ordinary shares or preference shares, or to grant rights to subscribe to shares, is subject to the approval of the Supervisory Board.

**Acquisition of own shares**

The General Meeting authorised the Executive Board as competent body to resolve on acquisition of fully paid-up ordinary shares in the capital of the company through a purchase on the stock exchange or otherwise for a term of 18 months until and including 30 November 2012, up to 10% of the nominal amount of its total issued and outstanding share capital. The acquisition can take place for a price per share of at least the nominal value and at most the quoted ordinary share price plus 10%. The quoted share price is the average of the closing prices of an ordinary share according to the ‘Official Price List of Euronext Amsterdam N.V.’ (Official Price List) for a period of five trading days prior to the day of repurchase. A resolution of the Executive Board relating to the acquisition of own shares is subject to the approval of the Supervisory Board.
MANAGEMENT BOARD

The Management Board of TNT Express supports the Executive Board in its oversight of operations and implementation of the strategy of the company. The Management Board currently consists of nine members: the CEO, the CFO and seven members drawn from three regional units (Asia Pacific, Northern Europe/North America and Southern Europe/South America/Middle East/Africa) and key functions (marketing & sales, operations, ICS, human resources), with both regional and global responsibilities. This ensures that TNT Express is managed as an integrated, global business.

SUPERVISORY BOARD

General

The Supervisory Board supervises the policies of the Executive Board and the general course of affairs of TNT Express. The Supervisory Board also advises the Executive Board. At least once a year, the Executive Board must inform the Supervisory Board of the main aspects of the strategic policy, general and financial risks, corporate responsibility policy and the management and auditing systems of TNT Express. A number of important resolutions of the Executive Board is subject to approval by the Supervisory Board pursuant to the Articles of Association of TNT Express.

In fulfilling its role, the Supervisory Board is required to act in the interest of TNT Express and the enterprise connected therewith. It shall take into account the relevant interests of the company’s stakeholders and, to that end, consider all appropriate interests associated with the company. Members of the Supervisory Board perform their duties without mandate and independent of any particular interest in the business of the company. The Supervisory Board is responsible for the quality of its own performance and therefore annually reviews its performance. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole. The members of the Supervisory Board are not authorised to represent TNT Express in dealings with third parties, except if determined otherwise by the Supervisory Board, in events where one or more Executive Board members have a conflict of interest.

Appointment and removal

Only natural persons may be elected to the Supervisory Board. The Supervisory Board must consist of at least three members as further determined by the Supervisory Board itself. The Supervisory Board adopts a profile on its size and composition taking into account the character of the business, its activities, and the desired expertise and background of the members of the Supervisory Board.

The members of the Supervisory Board are appointed by the General Meeting. The Supervisory Board will nominate one or more candidates for each vacant seat. A resolution of the General Meeting to appoint a member of the Supervisory Board in accordance with a nomination by the Supervisory Board can be adopted with an absolute majority of the votes cast. If the nomination by the Supervisory Board with respect to a vacant seat consists of a list of two or more candidates, this list is binding. The vacant seat must be filled by election of a person from this list. A resolution of the General Meeting to appoint a member of the Supervisory Board other than in accordance with a nomination by the Supervisory Board, or to deprive a binding list of candidates from its binding character, requires a majority of at least two-thirds of the votes cast representing more than half of TNT Express’ issued capital.

A member of the Supervisory Board must resign no later than at the end of the General Meeting held four years after his last appointment. The members of the Supervisory Board must resign periodically in accordance with a rotation plan to be drawn up by the Supervisory Board. A resigning member of the Supervisory Board may be reappointed. A member of the Supervisory Board may be appointed for a maximum of three four-year terms. The General Meeting may suspend or remove any member of the Supervisory Board at any time. A resolution of the General Meeting to suspend or remove a member of the Supervisory Board other than in accordance with a proposal of the Supervisory Board requires a majority of at least two-thirds of the votes cast representing more than half of TNT Express’ issued capital.

An amendment to the Articles of Association concerning the above provision will be placed on the agenda for the Annual General Meeting of Shareholders on 11 April 2012.

Conflict of interest

A member of the Supervisory Board is required to report immediately and provide all relevant information to the chairman of the Supervisory Board on any conflict or potential conflict of interest of significance to TNT Express and/or to the relevant member. If the chairman of the Supervisory Board has a conflict of interest or potential conflict of interest he is required to report this immediately to the vice-chairman of the Supervisory Board. This includes information concerning a spouse, registered partner or other life companion, foster child or relatives by blood or marriage up to the second degree.
Remuneration

The members of the Supervisory Board receive a fixed annual remuneration and attendance fee, which is determined by the Annual General Meeting of Shareholders. More information on the remuneration of the members of the Supervisory Board can be found in note 18 of the consolidated financial statements.

COMMITTEES OF THE SUPERVISORY BOARD

TNT Express’ Supervisory Board has formed an Audit Committee, a Remuneration Committee and a Nominations Committee from among its members. The committees operate pursuant to terms of reference established by the Supervisory Board according to the rules and regulations of the Dutch Corporate Governance Code. The terms of reference of these committees can be viewed on TNT Express’ corporate website (www.tnt.com/corporate). The powers of the committees are based on a mandate from the Supervisory Board, which does not include the right to decision making.

Audit Committee

The Audit Committee is charged with assisting the Supervisory Board in advising on and monitoring, among other things: the integrity of TNT Express’ financial and corporate responsibility reporting and reporting process, its financing and finance-related strategies, its system of internal control and financial reporting and its system of risk management. The Audit Committee reviews the independence of the external auditor and the functioning of Internal Audit, its tax planning and compliance with relevant primary and secondary legislation and codes of conduct. The Audit Committee has the authority to retain independent advisors as it deems appropriate.

In accordance with the terms of reference, the Audit Committee consists of at least three members. Each member of the Audit Committee must be financially literate and at least one member of the Audit Committee must have an accounting background or related financial management expertise.

Remuneration Committee

The Remuneration Committee is appointed by the Supervisory Board to propose the remuneration of the individual members of the Executive Board, for adoption by the Supervisory Board. The Remuneration Committee also proposes a remuneration policy, including schemes by which rights to shares are granted for members of the Executive Board, and prepares a proposal for the remuneration of the individual members of the Supervisory Board, which is submitted for adoption to the Annual General Meeting of Shareholders.

Furthermore, the Remuneration Committee prepares the allocation by the CEO - after approval by the Supervisory Board - of rights to shares in TNT Express’ share capital to other senior management within TNT Express.

Nominations Committee

The Nominations Committee is appointed by the Supervisory Board to draw up selection criteria and appointment procedures for members of the Supervisory Board and members of the Executive Board, to set up procedures to secure adequate succession of members of the Executive Board and the assessment of such candidates, and to assess the size and composition of the Supervisory Board and the Executive Board. It makes proposals for the profile of the Supervisory Board, assesses the functioning of individual members of the Supervisory Board and the Executive Board and reports this to the Supervisory Board. Finally, the Nominations Committee makes proposals for nominations, appointments and reappointments. At least annually, the size and composition of the Supervisory Board and the Executive Board and the functioning of the individual members are assessed by the Nominations Committee and discussed by the Supervisory Board.

CHAIRMAN AND CORPORATE SECRETARY

The chairman of the Supervisory Board determines the agenda and presides over meetings of the Supervisory Board. The chairman is responsible for the proper functioning of the Supervisory Board and its committees. The Supervisory Board is assisted by TNT Express’ corporate secretary. The corporate secretary is appointed as secretary to both the Supervisory Board and the Executive Board.

There is an agreed procedure for members of the Supervisory Board to obtain independent professional advice at TNT Express’ expense, if so required.

AUDITOR

The external auditor of TNT Express, PricewaterhouseCoopers Accountants N.V. (PwC), is appointed at the Annual General Meeting of Shareholders. The Audit Committee has the authority, subject to confirmation by the Supervisory Board, to recommend to the Annual General Meeting of Shareholders
the appointment or replacement of the external auditor. The Audit Committee is directly responsible for overseeing the work of the external auditor on behalf of the Supervisory Board (including resolution of disagreements between management and the external auditor regarding financial reporting).

In some instances, TNT Express may use its external auditor to provide services where these services do not conflict with the external auditor's independence. The TNT Express Policy on Auditor Independence and Pre-Approval governs how and when TNT Express may engage its external auditor.

The Audit Committee is required to pre-approve (supported by the director of Internal Audit) all services to be provided by the external auditor, to assure that these do not impair the auditor’s independence from TNT Express. The Audit Committee annually grants a general pre-approval for certain routine services. Significant non-audit services require a tender process, and certain services are prohibited outright. In its approval-granting process, the Audit Committee considers the applicable regulations and stock exchange rules on auditor independence. The Audit Committee also considers the ratio between the total amount of fees for audit and audit-related services and the total amount of fees for non-audit services. Refer to note 20 of the consolidated financial statements for the fees paid to PwC and the distribution of the fees between audit-related services and non-audit services.

The Audit Committee requires a formal written statement from the external auditor confirming its independence.

(Potential) conflicts of interest between the external auditor and TNT Express are resolved in accordance with the terms of reference of the Audit Committee and in particular the annex: ‘TNT Express Policy on Auditor Independence and Pre-Approval’, which can be viewed on TNT Express’ corporate website (www.tnt.com/corporate).

All services performed by the external auditor in 2011, followed the pre-approval process.

Once every three years, the Audit Committee and the Executive Board are required to conduct a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The lead engagement partner is present at the General Meeting and may be questioned with regard to his statement on the fairness of the financial statements. The lead engagement partner, other key audit partners, and the quality (review) partner of the external auditor are rotated after a maximum period of seven years. From 2011, the lead engagement partner of PwC in charge of the TNT Express account is Mr Dekkers.

The Internal Audit function of TNT Express operates under the responsibility of the Executive Board and is subject to monitoring by the Supervisory Board, assisted by the Audit Committee. The Executive Board is required to ensure that the external auditor and the Audit Committee are aligned in defining the tasks and plans of the Internal Audit function.

PREVENTION OF INSIDER TRADING

The members of the Supervisory Board, the Executive Board and other senior management of TNT Express are subject to the TNT Express Policy on Prevention of Insider Trading. This policy sets forth rules of conduct to prevent trading in financial instruments of TNT Express when in possession of inside information. Transactions in TNT Express shares carried out by the Supervisory Board or Executive Board members are notified to the Dutch Authority for Financial Markets in accordance with Dutch law.

The Supervisory Board has adopted a policy concerning the ownership of transactions in securities other than financial instruments of TNT Express by the Executive Board and the Supervisory Board. This policy is incorporated in the by-laws of the Executive Board and the Supervisory Board and requires that each member of the Executive Board and Supervisory Board give periodic notice of any changes in his or her holding of securities in Dutch listed companies. A member of the Executive Board or the Supervisory Board who invests exclusively in listed investment funds or who has transferred the discretionary management of his or her securities portfolio to an independent third party by means of a written mandate is exempted from compliance with these internal notification requirements.
The total numbers of shares held by each member of the Executive Board are shown in the following table:

<table>
<thead>
<tr>
<th>Year ended at 31 December</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marie-Christine Lombard</td>
<td>34,199</td>
</tr>
<tr>
<td>Bernard Bot</td>
<td>25,349</td>
</tr>
</tbody>
</table>

1 This table does not include any granted rights on (phantom) shares allocated to the members of the Executive Board under any of TNT Express' equity plans and/or any participation in the Executive Board's variable compensation scheme. See section 4, under Remuneration in 2011. The information in this table is publicly available at www.afm.nl.

There were no shares held by members of the Supervisory Board.

SHAREHOLDERS

Major shareholders
The Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) imposes a duty to disclose percentage holdings in the capital and/or voting rights in a company when such holdings reach, exceed or fall below 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such disclosure must be made to the Netherlands Authority for the Financial Markets (AFM) without delay. The register of AFM shows PostNL N.V., Her Majesty the Queen in right of Alberta and B. Rosenstein as major shareholders as per 31 December 2011.

General Meetings of shareholders
The Annual General Meeting of Shareholders must be held within six months following the end of each financial year. Typical agenda items are: a discussion on the annual report with respect to the general state of affairs and the auditors’ report, the adoption of the annual accounts, the approval of the profit allocation, and the granting of discharge to members of the Executive Board and the Supervisory Board.

The Annual General Meeting of Shareholders must be convened by the Executive Board or the Supervisory Board. Notice of the meeting must be given no later than the 42nd day prior to the date of the meeting or, if allowed by law, on a shorter period at the discretion of the Executive Board. The meetings must be held in Amsterdam, The Hague, Hoofddorp or the municipality of Haarlemmermeer, all in the Netherlands. The notice of a General Meeting is given on TNT Express’ corporate website (www.tnt.com/corporate), with the availability published via a press release. The notice includes the requirements for admission to the meeting and an agenda indicating the items for discussion.

Other General Meetings are held as often as the Executive Board or the Supervisory Board deems necessary. In addition, one or more shareholders may be authorised by the court in interlocutory proceedings of the district court to convene a General Meeting. These shareholders should jointly represent at least one-tenth of TNT Express’ issued share capital.

Agenda
Shareholders representing solely or jointly at least 1% of TNT Express’ issued share capital have a right to request the Executive Board and the Supervisory Board to include items on the agenda of the General Meeting. The same applies to shareholders who solely or jointly, according to the Official Price List represent at least a value of €50 million of TNT Express’ issued share capital. The Executive Board and the Supervisory Board must agree to these requests if received at least 60 days prior to the date of the General Meeting, provided the reasons for the request are stated and the request - or proposed resolution - is received in writing by the chairman of the Executive Board or the Supervisory Board.

In the event a request is made by one or more shareholders, either to convene a meeting or to place an item on the agenda of a General Meeting that may result in a change in the company's strategy, the Executive Board may invoke a reasonable period in which to respond, such period not to exceed 180 days.

Admission to and voting rights at the meeting
Each shareholder and each pledgee or usufructuary of shares is entitled to attend and address the General Meeting, and, as applicable, to exercise the voting attached to the shares, either in person or by proxy. Recognised as persons entitled to take part in, and vote at a General Meeting are those persons who hold those rights on the record date set for that meeting, which pursuant to the law will be the 28th day prior to the date of the meeting. Shareholders and other persons entitled to attend the meeting, and who wish to attend the meeting in persons or by proxy must notify the Executive Board of this in writing.
by the date set out for that purpose in the notice of the meeting (which will be a date not earlier than the 7th day prior to the date of the meeting).

Each shareholder may cast one vote per share held. The General Meeting may adopt resolutions by a simple majority of the votes cast, except where a larger majority is prescribed by law or TNT Express’ Articles of Association. Members of the Executive Board and the Supervisory Board may attend a General Meeting, in an advisory capacity.

**Dissolution and liquidation**

A resolution of the General Meeting to dissolve TNT Express may only be taken upon proposal by the Executive Board with the approval of the Supervisory Board. The resolution to dissolve TNT Express may be taken by the General Meeting with an absolute majority of the votes, irrespective of the part of the issued share capital represented. In the event of the dissolution of TNT Express, pursuant to such a resolution, the members of the Executive Board will be charged with the liquidation of the business of TNT Express and the Supervisory Board with the supervision thereof. From the balance of the property of TNT Express remaining after payment of all debts and the costs of the liquidation, first a distribution is made to the holders of the preference shares, if any. This will be the nominal amount paid up on these preference shares and any amounts still owed by way of dividend to which these preference shares are entitled, in so far as this has not been distributed in previous years. If the balance is not sufficient to make this distribution, the distribution must be made in proportion to the amounts paid-up on those preference shares. The remainder must be distributed to the holders of ordinary shares in proportion to the aggregate nominal value of their ordinary shares.

**Change to the rights of shareholders**

Rights of shareholders may change pursuant to an amendment of the Articles of Association, a statutory merger or demerger in accordance with book 2 of the Dutch Civil Code or dissolution of TNT Express. A resolution of the General Meeting is required to effect these changes. Under the Articles of Association of TNT Express, such a resolution may only be adopted upon a proposal by the Executive Board that has been approved by the Supervisory Board.

**THE FOUNDATION**

Stichting Continuïteit TNT Express (the Foundation) was established on 31 March 2011 under the laws of the Netherlands. The Foundation has its official seat in Amsterdam, the Netherlands, with its address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands. The objects of the Foundation are to promote the interests of TNT Express, the enterprise affiliated with it and all stakeholders involved. These objects include protecting TNT Express as much as possible from influences that are contrary to those interests and could jeopardise the continuity, independence or identity of those interests. The Foundation must endeavour to achieve these objects by acquiring and holding preference shares and by exercising the rights attached to those preference shares. The objects of the Foundation do not entail the sale or encumbrance or other disposal of shares, with the exception of the sale to TNT Express or to another company assigned by and affiliated in a group with it, as well as the assistance in the repayment or withdrawal of preference shares.

To this end, TNT Express has granted a call option to the Foundation. The Foundation will have the right to exercise the call option at any time either wholly or partly. When exercising the call option, the Foundation is entitled to subscribe for preference shares, consisting of the right to repeatedly subscribe for preference shares, up to a maximum corresponding with one hundred per cent (100%) of the issued share capital in the form of ordinary shares, as outstanding immediately prior to the exercise of the subscribed rights, less one preference share and minus any shares already held by the Foundation.

Reasons for which the Foundation may exercise the call option include:
- to prevent, slow down or otherwise complicate an unsolicited takeover bid for and an unsolicited acquisition of ordinary shares by means of an acquisition at the stock market or otherwise;
- to prevent and countervail concentration of voting rights in the General Meeting; and
- to resist unwanted influence by and pressure from shareholders to amend the strategy of TNT Express;

and with respect to the foregoing, to give TNT Express the opportunity to consider and to explore possible alternatives and, if required, to work these out and to implement them, in the event an actual or threatening concentration of voting rights arises among the shareholders, which, according to the (provisional) judgment of the Executive Board and the Supervisory Board and the board of the Foundation, is considered to be unsolicited and not in the interest of TNT Express and its enterprise, and to enable TNT Express to do so by (temporarily) neutralising such concentration of voting rights.
As from six months after the issuance of the preference shares to the Foundation, the Foundation may require TNT Express to convene a General Meeting to propose cancellation of the preference shares against repayment of the paid amount. If preference shares are issued, TNT Express must convene a General Meeting, to be held not later than 12 months after the date on which the preference shares were issued for the first time or 60 days after the Foundation has demanded the cancellation of its preference shares. The agenda for that General Meeting must include a proposal for a resolution relating to the repurchase or cancellation of the preference shares.

TNT Express has granted to the Foundation the right to file an application for an inquiry into the policy and the course of events of TNT Express with the Enterprise Chamber of the Amsterdam Court of Appeal (Ondernemingskamer). TNT Express believes that this may be a useful option, inter alia, in the period before the issuance of preference shares as it does not cause a dilution of the rights of other Shareholders.

The members of the board of the Foundation are Mr Bouw (chairman), Mr Tiemstra and Mrs Tonkens-Gerkema. All members of the board of the Foundation are independent from TNT Express. This means that the Foundation is an independent legal entity in the sense referred to in section 5:71 paragraph 1 sub c of the Dutch Financial Supervision Act.
IV. REMUNERATION

GENERAL
The remuneration policy and contracts of the members of the Executive Board must be determined by the Supervisory Board in accordance with the remuneration policy that has been adopted at the Annual General Meeting of Shareholders. The Remuneration Committee of the Supervisory Board is responsible for assessing and preparing the remuneration policy for the members of the Executive Board. The Supervisory Board approves the proposals and submits, in case of policy changes, the proposed remuneration policy to the Annual General Meeting of Shareholders for adoption.

REMUNERATION COMMITTEE
The Remuneration Committee of the Supervisory Board prepares its proposal independently, after careful consideration. The remuneration policy is prepared in accordance with all relevant Dutch legal requirements and is compliant with the Dutch Corporate Governance Code. In preparing the remuneration policy, the Remuneration Committee also takes into account the remuneration of senior management reporting to the Executive Board.

The Remuneration Committee has access to advice from professional internal and external advisors. No member of the Executive Board sought advice from these advisors pertaining to his or her own remuneration.

REMUNERATION POLICY 2011
The objective of the remuneration policy is to retain, motivate and attract qualified members of the Executive Board of the highest calibre, with an international mindset and background essential for the successful leadership and effective management of a large global company. The members of the Executive Board are rewarded accordingly and half of their remuneration is based on the performance of the company. The remuneration structure for the Executive Board is designed to balance short-term operational performance with the long-term objectives of the company and short-term and medium-term value creation for its shareholders.

To provide a consistent review of the level and structure of the total remuneration, the remuneration components for the members of the Executive Board are benchmarked every three years against a European reference group (see table below) with an assessment against a Dutch peer group (all AEX listed companies, excluding the two largest and two smallest companies as well as the companies within the financial sector). In 2011, an extensive benchmark was executed. All comparisons are made on a euro basis.

**European reference group**

<table>
<thead>
<tr>
<th></th>
<th>Adecco SA</th>
<th>11 Marks and Spencer Plc</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Atlantia SpA</td>
<td>12 National Express Group Plc</td>
</tr>
<tr>
<td>3</td>
<td>Belgacom SA</td>
<td>13 Österreichische Post AG</td>
</tr>
<tr>
<td>4</td>
<td>British Airways Plc</td>
<td>14 PPR SA</td>
</tr>
<tr>
<td>5</td>
<td>Bunzl Plc</td>
<td>15 Rentokil Initial Plc</td>
</tr>
<tr>
<td>6</td>
<td>Delhaize SA</td>
<td>16 SAS AB</td>
</tr>
<tr>
<td>7</td>
<td>DSV A/S</td>
<td>17 Securitas AB</td>
</tr>
<tr>
<td>8</td>
<td>First Group Plc</td>
<td>18 Serco Group Plc</td>
</tr>
<tr>
<td>9</td>
<td>G4s Plc</td>
<td>19 Swisscom AG</td>
</tr>
<tr>
<td>10</td>
<td>Kuehne and Nagel International AG</td>
<td>20 Tui AG</td>
</tr>
</tbody>
</table>

The 2011 remuneration policy focuses on the absolute level of compensation and the performance of the member of the Executive Board with regard to the different compensation elements and aims to stimulate well-balanced management behaviour.

The remuneration policy is:
- supportive to the sustainable development of TNT Express;
- aligned with stakeholders’ interests and introduces a multi-stakeholder approach;
- socially responsible and risk-controlling;
- performance-related for reasonable compensation;
- reflective of a commitment to value creation; and
- motivating and transparent.
The remuneration package consists of a base salary and a variable component of a maximum of 100% of the base salary in addition to pension provisions.

Remuneration policy 2011: base salary
The base salary component of the remuneration package is set at a median level when compared to the peer group benchmark data. The level of base salary was frozen at the 2010 level until the demerger. In order to align remuneration with the new responsibilities, the base salaries for the members of the Executive Board were reset. As applicable from the date of the demerger, the annual base salaries for Ms Lombard and Mr Bot amount to €750,000 and €500,000, respectively.

Remuneration policy 2011: variable income
The variable component of the remuneration package consists of a total variable income potential of up to 100% of base salary per year, with no stretch opportunity.

The variable income scheme represents a multi-stakeholder approach with four focus areas. In the table below, the focus areas and their relative weighting before and after the demerger are provided.

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Weighting TNT N.V.</th>
<th>Weighting TNT Express N.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Employees</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Environment</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Customers</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

All targets and objectives are quantitative and different measurement techniques are used to take into account variations in targets and objectives. The actual targets and objectives are based on the (three-year) strategic plans of TNT Express. The Supervisory Board may amend the targets and objectives set, in the event of a substantial adjustment of the strategic plan. Actual targets are not disclosed as this qualifies as commercially sensitive information.

The Supervisory Board has assessed and scored the performance on the targets and objectives set for 2011, including the performance during the period prior to the demerger.

Taking into account the profitability realised by TNT Express in 2011, the members of the Executive Board have decided to fully waive any of their variable income entitlements for 2011.

Remuneration policy 2011: pension
Pension arrangements should be in line with local practice in the country of residence of the member of the Executive Board. For the French member (Ms Lombard) of the Executive Board a contribution is made available for a retirement provision.

The pension scheme applicable to the Dutch member (Mr Bot) of the Executive Board is a career average scheme. The main features are:
- retirement age at 65 years;
- pensionable income based on average annual base salary only;
- annual accrual rate for the old-age pension of 2.25%;
- offset for state pension at fiscal minimum;
- benefits indexed during accrual; and
- no employee contribution.

The pension arrangements for both members of the Executive Board include entitlement to a pension in the event of illness or disability and a spouse’s and/or dependant’s pension in the event of death.

Severance
The contractual severance payments for the members of the Executive Board are summarised as follows:
- As policy, severance payments other than those related to a change of control are equal to one year’s base salary or a maximum of two years’ base salary in the first four-year term if one year is considered to be unreasonable. In the actual contracts of Ms Lombard and Mr Bot, the severance payment for situations other than a change of control is limited to one year’s base salary.
− Severance payments in case of a change of control are equal to the sum of the last annual base salary and pension contribution plus the average bonus received over the last three years, multiplied by two.

Other
In the contracts of the members of the Executive Board, a ‘claw-back’ clause is included. This clause will apply in case an erroneous variable remuneration pay-out has occurred.

For all members of the Executive Board, in the event of a change of control of the company, the Supervisory Board may at its discretion allow all or part of the share allocations to vest on the date on which control of the company passes. In such a case, the Supervisory Board may cap the proceeds of these shares, guided by fairness and reasonableness.

In the event of a change in control, the proceeds of the unvested share grants will be capped at the level of the sum of:
− The average of the closing prices of the TNT Express N.V. share according to the Official Price List for a period of five trading days prior to the date when the first announcement to make a public offer was made; and
− 50% of the difference between the ultimate share price paid by the buyer and the price as calculated above.

The Supervisory Board has the discretionary authority to decide on one-off payments to members of the Executive Board in special circumstances. Such payments are always explained and disclosed.

The Supervisory Board has the discretionary authority to adjust the value of variable pay components originally awarded if the outcome proves to be unfair as a result of exceptional circumstances during the performance period.

TNT Express does not grant loans or guarantees, including mortgage loans, to the members of the Executive Board. There are no loans outstanding.

REMUNERATION IN 2011
In 2011, the members of the Executive Board received base salary, rights on (one-off) matching shares (related to the unwinding of the TNT N.V equity schemes), other periodic compensation and contributions to pension provisions. The members of the Executive Board fully waived their entitlements to 2011 variable income. The table below summarises the 2011 compensation elements of the members of the Executive Board, calculated in accordance with IFRS. Note: IFRS amounts do not represent actual compensation value.

In 2011, due to the demerger, all equity schemes were unwound. Under IFRS 2, the unwinding of granted performance shares and matching shares qualifies as a settlement that needs to be accounted for as an accelerated vesting. As a result, the amount which otherwise would have been recognized over the originally remaining vesting period is now recognized immediately as cost. These unwinding costs are specified for both the short-term incentive and the long-term incentive. These costs do not reflect the actual compensation value for each member of the Executive Board. The actual payments as a result of the unwinding amounted for Ms Lombard to a gross amount of €85,515 and for Mr Bot to a gross amount of €148,931. Both members of the Executive Board chose to participate at the maximum level.

The amounts included in the columns ‘accrued short-term incentive excluding unwinding’ and ‘accrued long-term incentive excluding unwinding’ represent the IFRS costs in 2011 of non-vested entitlements relating to 2011 and previous years.

In the following table, the reported remuneration includes the remuneration for the period prior to and after the demerger. For detailed disclosure on the remuneration of the individual members of the Executive Board, refer to note 18 of the consolidated financial statements.
Total remuneration - Executive Board

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Base salary</th>
<th>Other periodic paid compensation</th>
<th>Pension costs</th>
<th>Accrued for short term incentive (excluding unwinding)</th>
<th>Accrued for long term incentive (excluding unwinding)</th>
<th>Short term incentive unwinding costs</th>
<th>Long term incentive unwinding costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marie-Christine Lombard</td>
<td>2011</td>
<td>692,500</td>
<td>230,143</td>
<td>281,520</td>
<td>2,187</td>
<td>75,944</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>612,000</td>
<td>390,260</td>
<td>281,520</td>
<td>343,395</td>
<td>214,842</td>
<td>0</td>
</tr>
<tr>
<td>Bernard Bot</td>
<td>2011</td>
<td>479,167</td>
<td>48,431</td>
<td>117,298</td>
<td>16,064</td>
<td>53,410</td>
<td>48,443</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>187,500</td>
<td>27,573</td>
<td>61,682</td>
<td>281,939</td>
<td>50,204</td>
<td>0</td>
</tr>
</tbody>
</table>

1Appointed acting CFO for TNT N.V. per August 2010
2The other periodic paid compensation includes company costs related to tax and social security, company car and other costs. For Ms Lombard other periodic paid compensation includes French social taxes and French social security contributions.
3Costs under IFRS2 for the accelerated vesting of granted matching shares in TNT N.V.
4Costs under IFRS2 for the accelerated vesting of granted performance shares in TNT N.V.

Unwinding of TNT N.V. share schemes

The unvested rights on performance shares and matching shares granted in 2009 (CEO and CFO) and 2010 (CFO) were unwound immediately prior to the demerger and all schemes were terminated.

Both the bonus/matching scheme and the performance share scheme for 2009 and 2010 vested on an accelerated base. The matching shares vested on a pro-rated basis and were settled in cash. There was no vesting of performance shares since the realised Total Shareholder Return (TSR) against the incentive zone of the performance schedule did not allow any vesting. An external service provider calculated the value of performance shares, taking into account the remaining vesting period, which was settled in cash as a compensation of the lost vesting period.

To stimulate senior management and to align the interests of senior management with shareholders post demerger, the supervisory board of TNT N.V. decided on a one-off investment/Matching scheme, in which the proceeds of the matching share scheme and the performance share scheme could voluntarily be invested in the (phantom) shares of TNT Express. After pay-out of the proceeds, the participants could decide to invest 25% or 50% of their gross settlement (but not more than their net proceeds) in TNT Express shares. On the same date the investment shares were purchased, the participant received, free of charge, a matching right, representing the value in cash of half of the number of investment shares (matching on a 1: 0.5 basis). This matching right will vest and the cash value of the matching right will be paid after three years, provided that the participant: i) has remained an employee throughout; and ii) still owns at least 50% of his/her investment shares. The cash sum of the matching rights will be subject to any applicable payroll withholding taxes.

Both the CEO and the CFO participated in the scheme at the maximum level.

Members of the Executive Board

Please refer to chapter 1 for details on the members of the Executive Board.

REMUNERATION POLICY FOR 2012

The existing Executive Board remuneration policy is a heritage of the previous company structure. The Supervisory Board has decided to review the remuneration policy after the demerger, given the challenges of the company in the current volatile economic environment and the international character of the company. Furthermore, simplicity, motivational power, transparency and cost effectiveness were key considerations in developing the new policy.

As a result, the Remuneration Committee provided a recommendation to the Supervisory Board to adjust the Executive Board remuneration policy effective as of 2012. The primary goal is to better align the remuneration policy with the objectives of all stakeholders on one side, and with the remuneration policy for senior management on the other. The aim to stimulate management behaviour that balances the interests of all stakeholders is an important goal of the TNT Express remuneration policy. The Supervisory Board has adopted the proposed recommendations. These will be submitted for adoption to the Annual General Meeting of Shareholders on 11 April 2012. The recommended adjustments to the remuneration policy are described per element below.

Remuneration policy 2012: base salary

The Supervisory Board recommends that the base salaries of the members of the Executive Board remain unchanged for 2012. The base salary policy allows for adjusting salaries annually in line with the average increase in the Collective Labour Agreements applicable to the company’s employees in Europe. This adjustment will not be applied in 2012.
Remuneration policy 2012: variable income - general

TNT Express’ ambition is to realise financial growth, meet its non-financial targets and increase its share price. In order to better align the remuneration policy with these objectives the Supervisory Board recommends to:

− Introduce an equity-based long-term incentive to ensure an alignment with shareholders needs and a deferral in part of the compensation.
− (Re)balance the short-term incentive with the new long-term incentive, by placing less emphasis on the short term and more emphasis on the long term.
− Synchronize the targets, and link all targets partly to short-term incentives and partly to long-term incentives. The set targets and their relative weighting reflect the strategy of the company to achieve growth in all stakeholder areas.

The Remuneration Committee of the Supervisory Board analysed the outcome of the variable pay programme under different share price scenarios. The programme delivered in all cases a fair and reasonable remuneration, also taking into account acceptable internal pay differentials

Short-term incentive

− The proposed focus areas for the short-term incentive consist of:
− 60% financial targets, comprising EBIT and net cash flow from continuing operations
− 40% non-financial targets (equally weighted), comprising:
  − Employees: management development and engagement of employees
  − Customers: client satisfaction
  − Environment: sustainability and health and safety

In 2012, the short-term incentive opportunity will be lowered. An ‘at target’ performance will be rewarded with 50% annual base salary (2011: 100%). A ‘stretch’ performance in case of realization of a stretch EBIT target will be rewarded with an additional 25% annual base salary (2011: no stretch).

As of 2013, the Executive Board may on a voluntary basis, participate in the bonus/matching plan by investing a maximum of 50% of the gross pay-out of the short-term incentive of the previous year (but not more than 25% of their gross annual base salary and not more than their net proceeds) in TNT Express bonus shares. After a three-year holding period, these bonus shares will be matched one-to-one. In the event, the performance on the EBIT target is met every year during this three-year holding period, an additional match will be made of one-to-two, resulting in a total award of three matching shares. In case of performance below the EBIT target, there is no delivery of additional matching shares for that specific year.

The matching of bonus shares occurs provided continued employment and if at least 50% of the bonus shares is retained during the holding period. The schedule below describes the vesting schedule of the general bonus/matching plan and the additional matching related to the yearly performance on the EBIT target during the holding period.

<table>
<thead>
<tr>
<th></th>
<th>Year 1 Achieved</th>
<th>Year 1 Not achieved</th>
<th>Year 2 Achieved</th>
<th>Year 2 Not achieved</th>
<th>Year 3 Achieved</th>
<th>Year 3 Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full EBIT target realised</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>General 1:1 match</td>
<td>Restricted</td>
<td>Restricted</td>
<td></td>
<td></td>
<td>Delivery 2/3 Matching share</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Delivery 2/3 Matching share</td>
<td>Delivery 2/3 Matching share</td>
<td>Delivery 2/3 Matching share</td>
<td>Maximum 3 Matching shares</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The members of the Executive Board waived the pay-out of their realized 2011 variable income; therefore they are not eligible to participate in the bonus/matching plan per 2012.

Long-term incentive

In order to align the objectives of the Executive Board with the longer term value creation objectives of shareholders, the Supervisory Board recommends to award members of the Executive Board conditional rights on TNT Express shares under the TNT Express 2012 performance share plan. The grant is based on an IFRS value of 30% of the annual base salary.
The performance shares vest after a three-year period. The actual number of shares that vest depends on the performance on the following proposed performance measures:

- 50% TSR: TSR performance of the company measured on a three year basis against a peer group of companies (full AEX).
- 50% non-financial targets: (employees, customers and environment) measured on an annual base.

The schedule below describes the vesting of the shares related to the performance on the set targets during the three-year performance period.

<table>
<thead>
<tr>
<th>% of allocation that vest</th>
<th>Year 1 Achieved</th>
<th>Year 1 Not achieved</th>
<th>Year 2 Achieved</th>
<th>Year 2 Not achieved</th>
<th>Year 3 Achieved</th>
<th>Year 3 Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Engagement</td>
<td>√</td>
<td>X</td>
<td>√</td>
<td>X</td>
<td>√</td>
<td>X</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>√</td>
<td>X</td>
<td>√</td>
<td>X</td>
<td>√</td>
<td>X</td>
</tr>
<tr>
<td>Environment</td>
<td>√</td>
<td>X</td>
<td>√</td>
<td>X</td>
<td>√</td>
<td>X</td>
</tr>
</tbody>
</table>

In compliance with the Dutch Corporate Governance Code, the members of the Executive Board may not sell their matching and performance shares before the earlier of five years from the date of grant, or the end of employment, although any sale of shares for the purpose of using the proceeds to pay for the tax relating to the grant of these shares is exempted.

The short and long-term incentive plans for the members of the Executive Board are fully aligned with the variable income programmes for senior management. The reward under the short-term incentive plan, the performance share plan and the additional match under the bonus matching plan, depends on the performance on preset financial and non-financial targets. All targets and objectives are quantitative.

**Remuneration policy 2012: pension**

Starting April 2012, the members of the Executive Board will pay an employee contribution of 3% of the annual base salary to the pension scheme. In the future, this employee contribution can be adjusted.

**REMUNERATION - SUPERVISORY BOARD**

The 2011 remuneration of the members of the Supervisory Board comprises base pay and variable pay, linked to the attendance of the meetings of the committees of the Supervisory Board. The members of the Supervisory Board do not receive any compensation related to performance and/or equity and do not accrue any pension rights with TNT Express. Moreover, the members of the Supervisory Board do not receive any severance payments in the event of termination. TNT Express does not grant loans, including mortgage loans, to any member of the Supervisory Board.

The base fee and the meeting fees are the same as previously applied to the Supervisory Board of TNT N.V.

Members of the Supervisory Board, domiciled abroad, will receive a fixed travel allowance of €1,500 for every meeting attended.

No member of the Supervisory Board will be entitled to a contractual severance payment in the event of removal by the General Meeting.

**Remuneration - Supervisory Board**

<table>
<thead>
<tr>
<th>Base fee</th>
<th>Chairman</th>
<th>60,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Member</td>
<td>45,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Meeting fee</th>
<th>Audit Chairman</th>
<th>2,500</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Remuneration Chairman</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td>Nominations Member</td>
<td></td>
</tr>
</tbody>
</table>
Going forward, the Remuneration Committee has proposed to the Supervisory Board two amendments to the remuneration of the Supervisory Board. Both amendments have been approved by the Supervisory Board and will be presented to the Annual General Meeting of Shareholders for adoption.

− The first amendment consists of the introduction of attendance fees of €2,500 for the chairman and €1,500 for members for additional Supervisory Board meetings, over and above the usual business calendar. This would only be paid in the event of additional workload and aligns with the variable attendance fee for committee meetings. Members of the Supervisory Board do not receive attendance fees for regular Supervisory Board meetings.

− The second amendment consists of a distinction for the travel allowance recognising the significant additional time for intercontinental travel. For those members of the Supervisory Board required to travel intercontinentally, the fixed travel allowance will be increased to €2,500 for every meeting attended. For other members domiciled outside the Netherlands the travel allowance remains unchanged at €1,500 for every meeting attended.
V. RISK MANAGEMENT

The development of TNT Express’ business and supporting financial and corporate responsibility strategies as described in section V of chapter 1 are not without risk. Risk management is a key process and an essential element of the company’s governance.

RISK MANAGEMENT FRAMEWORK

The Executive Board, supported by members of the Management Board and dedicated risk management employees, are responsible for identifying, prioritising and mitigating risks and establishing a robust risk management system.

TNT Express has embedded the Committee of Sponsoring Organisations of the Treadway Commission (COSO Enterprise Risk Management (ERM) – Integrated Framework (2004) as the foundation of its risk management framework. Through the company’s risk management framework, the Executive Board aims to provide reasonable assurance that strategic and business objectives can be achieved. The Executive Board regularly reviews the risk management framework. A new risk management approach, developed while TNT Express was still part of TNT N.V., was rolled-out to all TNT Express regions, global functions and material operating units in 2011.

Throughout 2011, the Executive Board regularly reviewed the company’s risk profile. As input to these reviews, it used the outcome of 59 risk workshops representing input from all regions, functional areas and 136 entities. For those risks deemed to be material, comprehensive mitigating action plans are developed and reviewed regularly by the Executive Board. The outcome of the risk management process is shared and discussed with the Audit Committee and the Supervisory Board as well as with the external auditor.

Risk factors

This section describes the risks facing the execution of TNT Express’ strategy.

Risks have been classified by risk category per the COSO - ERM and are further divided into specific risks and inherent risks. Specific risks are risks that the Executive Board believes could negatively impact short to medium-term objectives. Inherent risks are those risks that are constantly present in the business environment and are considered sufficiently material to require disclosure and management. In addition, risks relating to the demerger from TNT N.V. are disclosed.

Although TNT Express believes that the risks and uncertainties described in the following pages are the most material risks and uncertainties, they are not the only ones it may face. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties not presently known to TNT Express or that it currently deems immaterial may also have a material adverse effect on its business, results of operations or financial condition. The sequence in which these risks are presented in no way reflects any order of importance, chance or materiality.
### Governance and compliance

#### Chapter 4

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**Strategic Risks**

<table>
<thead>
<tr>
<th>Specific Risks</th>
<th>Inherent Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requiring short/medium-term management</td>
<td>Requiring continuous monitoring</td>
</tr>
<tr>
<td>- Negative impact of a takeover bid</td>
<td>- Downturn in the macroeconomic circumstances for emerging markets</td>
</tr>
<tr>
<td>- Fluctuations of trade flows</td>
<td></td>
</tr>
<tr>
<td>- Shifts in customer preferences or shipping patterns</td>
<td></td>
</tr>
<tr>
<td>- Integration of acquisitions</td>
<td></td>
</tr>
<tr>
<td>- Impairment of goodwill or additional costs associated with closure of certain operations</td>
<td></td>
</tr>
<tr>
<td>- Ineffective cost reduction measures</td>
<td></td>
</tr>
<tr>
<td>- Intensive competition in the CEP market</td>
<td></td>
</tr>
</tbody>
</table>

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**Operational Risks**

<table>
<thead>
<tr>
<th>Specific Risks</th>
<th>Inherent Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requiring short/medium-term management</td>
<td>Requiring continuous monitoring</td>
</tr>
<tr>
<td>- Inadequate forecasts of future infrastructure requirements</td>
<td>- Increase in anti-terrorism requirements</td>
</tr>
<tr>
<td>- Loss of or inability to engage suitable key customers or suppliers</td>
<td>- Occurrence of natural disasters and extreme weather events</td>
</tr>
<tr>
<td>- Limited or no back-up facilities for key infrastructure facilities</td>
<td>- Increase in fuel prices and energy costs</td>
</tr>
<tr>
<td>- Incidents due to the transportation of hazardous materials or loss of confidential consignments</td>
<td>- Health pandemics and outbreaks of contagious diseases</td>
</tr>
<tr>
<td>- Inability to secure effective flight slot times and appropriate licences</td>
<td></td>
</tr>
</tbody>
</table>

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**Legal & Regulatory Risks**

<table>
<thead>
<tr>
<th>Specific Risks</th>
<th>Inherent Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requiring short/medium-term management</td>
<td>Requiring continuous monitoring</td>
</tr>
<tr>
<td>- Investigations into anti-trust regulations</td>
<td>- Complexity and instability of legal and regulatory systems in emerging markets</td>
</tr>
<tr>
<td>- Change in shareholder base of TNT Express or in the domicile of TNT Airways N.V./S.A.</td>
<td>- Non-compliance with export control regulations</td>
</tr>
<tr>
<td>- Failure of subcontractors to meet obligations for social security/fiscal requirements</td>
<td>- Unfavourable decisions by competition authorities</td>
</tr>
<tr>
<td></td>
<td>- Challenges to the concept of limited liability</td>
</tr>
<tr>
<td></td>
<td>- Classification of subcontractors as employees</td>
</tr>
<tr>
<td></td>
<td>- Climate change regulation</td>
</tr>
<tr>
<td></td>
<td>- Misconduct of employee, subcontractor or supplier</td>
</tr>
</tbody>
</table>

---

**Financial Risks**

<table>
<thead>
<tr>
<th>Specific Risks</th>
<th>Inherent Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requiring short/medium-term management</td>
<td>Requiring continuous monitoring</td>
</tr>
<tr>
<td>- Loss of S&amp;P targeted credit rating or inability to achieve targeted Moody’s credit rating</td>
<td></td>
</tr>
<tr>
<td>- Break-up or a change in the composition of the Eurozone and its currency</td>
<td></td>
</tr>
<tr>
<td>- Fluctuations in currency and interest rates</td>
<td></td>
</tr>
<tr>
<td>- Increase in tax liability as a result of changes in tax laws</td>
<td></td>
</tr>
<tr>
<td>- Utilisation of deferred tax assets</td>
<td></td>
</tr>
<tr>
<td>- Insufficient retention clause in insurance provisions</td>
<td></td>
</tr>
</tbody>
</table>

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**Risks related to securities of TNT Express**

<table>
<thead>
<tr>
<th>Specific Risks</th>
<th>Inherent Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requiring short/medium-term management</td>
<td>Requiring continuous monitoring</td>
</tr>
<tr>
<td>- Liability for TNT N.V.’s obligations that existed at the date of the demerger if TNT N.V. defaults</td>
<td></td>
</tr>
<tr>
<td>- Proportionate but significant influence of majority</td>
<td></td>
</tr>
</tbody>
</table>
STRATEGIC RISKS

Specific – strategic risks

A bid for TNT Express could result in loss of customers, supplier contracts, partnership or divestment opportunities and employees, and could distract management in the execution of the company’s strategy. This could affect TNT Express’ revenues, profitability and service quality.

On 17 February 2012, TNT Express announced that it received an unsolicited non-binding and conditional proposal from United Parcel Service, Inc. (UPS) for the acquisition of the whole of the issued capital of TNT Express. The announcement stated that the Supervisory and Executive Boards carefully considered the indicative proposal and explored its rationale, merits and risks for shareholders and all other stakeholders, and rejected the proposal but continued to be in discussions.

A bid for TNT Express could have an impact on TNT Express’ ability to attract and retain customers, enter into supplier contracts and conclude partnership or divestment opportunities due to uncertainty as to the future independence of TNT Express. Employees could also decide to leave TNT Express due to this uncertainty and management attention could be distracted from the day-to-day management of the company. There could be significant time between the receipt of an offer and the conclusion of whether or not to enter into a transaction and the actual closing of the transaction. This timing could further compound the issues noted above.

The express business is cyclical and highly sensitive to fluctuations of trade flows, which in case of an economic downturn, could affect TNT Express’ revenues and profitability.

The express business is cyclical and highly sensitive to fluctuations of trade flows. There is a strong correlation between trade flows and economic development. In case of an economic downturn there is a risk of a sharp decline in trade volumes. Such decline of trade volumes could lead to a significant decrease in volumes offered for transport by TNT Express, which in turn places pressure on revenue quality. This could affect TNT Express’ revenues and profitability.

In reviewing the business environment, TNT Express has concluded that the economic situation varies significantly by geography and is increasingly uncertain.

Changes in customer preferences or shipping patterns could result in a shift by customers from premium services to economy services, or a loss of customers which could affect TNT Express’ revenues and profitability.

Driven by economic developments or cost rationalisation, customers’ preferences or shipping patterns could shift from TNT Express’ higher-priced premium services to its slower, cheaper economy services. In addition, it may also lose customers due to negative economic developments or cost rationalisation. This could affect TNT Express’ revenues and profitability.

The integration of acquired businesses may involve significant challenges (including costs) and could affect TNT Express’ revenues, profitability and financial position.

In the past TNT Express has made a number of acquisitions. The integration of acquired businesses contains execution risks. These risks are compounded in emerging markets that by nature contain higher levels of market and execution risks.

There is a risk that TNT Express might not achieve optimal integration of the acquired company. In 2010 and 2011, TNT Express incurred loss of revenue and additional costs in relation to its acquisitions in Brazil. This example highlights the uncertainty in relation to acquired businesses. TNT Express may face additional or new integration-related costs pursuant to previously acquired companies.

The value of the investment in an acquired company may decrease significantly and may be permanently impaired affecting TNT Express’ financial position.

TNT Express may decide to sell off some of its entities or exit certain businesses or markets in the future, which could result in additional costs related to closure of operations, impairment of goodwill or other contractual liabilities and could affect TNT Express’ financial position, revenues and profitability.

TNT Express may in the future either sell off or fully or partially exit certain businesses or markets, for example, as a result of changes in strategic focus, unattractive market conditions, aggressive competitor pricing policies or protectionist behaviour by governments. A full or partial exit could affect TNT Express’ revenues, profitability and financial position because of losses on disposal, additional costs from the closure of operations, the impairment of goodwill and other contractual liabilities.
Measures taken to reduce costs, including employee redundancies, may be delayed and/or may not achieve the results intended and could affect TNT Express’ revenues and profitability.

Further restructuring measures will be taken in 2012 and affect all company entities. Such cost saving targets and initiatives are based on assumptions and expectations that may not be valid. Restructuring of operations and other cost reducing measures may not achieve the results intended. In addition, restructuring costs and other costs and charges are based on expectations and forecasts. If these are not valid, TNT Express may incur additional restructuring costs. Deviations from the forecast, savings and restructuring costs could affect TNT Express’ profitability.

Intensifying competition in the CEP market may put downward pressure on volumes and prices and could affect TNT Express’ revenues and profitability.

TNT Express competes with many companies and provides services on a local, regional, European and global level. Its competitors include express companies, logistics service providers, freight forwarders and air or road couriers. Intensified competition, through targeted, aggressive actions by competitors may put downward pressure on volumes and prices. This may force down volumes and prices for TNT Express’ services and thus affect its revenues and profitability.

Inherent – strategic risks

TNT Express derives a significant portion of its revenues from its international operations and is subject to the risks of conducting operations in emerging markets. A downturn in these markets could affect TNT Express’ revenues, financial position and profitability.

As TNT Express has significant international operations, it is continually exposed to changing economic, political and social developments beyond its control. Emerging markets are typically more volatile than mature markets, and any downturn in these markets is typically more pronounced than those in the developed world. A downturn in (one or more of) these markets could negatively impact TNT Express’ revenues, financial position and profitability.

OPERATIONAL RISKS

Specific – operational risks

TNT Express may not accurately forecast future infrastructure requirements, which could result in excess or insufficient capacity and affect its profitability.

To maintain its market position and encourage future growth, TNT Express must make on-going investments in infrastructure such as aircraft, vehicles and depots. Infrastructure investments are based on forecasts of future capacity requirements. Forecasts for future requirements might not be accurate which may lead to a mismatch between investment and actual requirements.

If TNT Express underestimates its future capacity requirements, customer needs may not be met, and it could lose business, market share, revenues and profits. If TNT Express overestimates future needs or if major contracts are cancelled by customers, it may experience costly excess capacity. The impact of over or underestimation of future capacity requirements is particularly significant in regards to major long-term investments, such as hubs, major depots and intercontinental aircraft. Over or under capacity may severely affect TNT Express’ profitability.

The loss of key suppliers and subcontractors or an inability to engage suitable suppliers or subcontractors could have a significant impact on TNT Express’ operations and thereby affect its revenues and profitability.

TNT Express’ business model depends upon the extensive use of key suppliers and subcontractors. Their availability, insolvency or bankruptcy could affect TNT Express’ operations and thereby affect its revenues and profitability.

In addition, TNT Express is dependent on the use of commercial aircraft as part of its global network operations. As a result of aviation security incidents, such as those reported in Yemen and Greece in 2010, many governments have implemented additional security measures for passenger aircraft and all-cargo aircraft, particularly cargo sent to the United States on all-cargo flights. These additional security measures could result in bans by some airlines or countries on transporting certain items on aircraft. This may increase security costs and impact operations and service quality. This would drastically limit TNT Express’ ability to provide current levels of connectivity and service without significant investments that could affect its revenues and profitability.

TNT Express depends on a number of infrastructure facilities for which it has limited or no comparable back-up facilities. In addition, the business depends on the availability and security of a bespoke IT infrastructure. In the event of operational disruptions at one or more of these facilities and/or an IT failure, the revenues and profitability of TNT Express could be affected.

A portion of TNT Express’ infrastructure is concentrated in single locations for which there are limited or no comparable back-up facilities, or very expensive back-up scenarios in the event of a disruption of
operations. An example of this, is its air express hub in Liège, Belgium. The operation of TNT Express’ facilities is prone to a number of risks, including power failures, the breakdown, failure or substandard performance of equipment, the possibility of work stoppages or civil unrest, natural disasters, catastrophic incidents such as aeroplane crashes, fires and explosions, and normal hazards associated with operating a complex infrastructure. If there were to be a significant interruption of operations at one or more of TNT Express’ key facilities, and operations could not be transferred or could only be transferred at very high costs to other locations, TNT Express might not be able to meet its contractual obligations, incur liabilities and revenues and profitability could be affected.

In addition, TNT Express’ operations, administration and customer facing services depend on an IT infrastructure for their day to day operation. If one or more elements of TNT Express’ IT infrastructure fails and back-up facilities do not operate successfully, it may impact TNT Express’ operation and affect its revenues and profitability.

**TNT Express’ reputation, as well as its profitability could be affected by fatalities as a result of road traffic accidents, air crashes, incidents resulting from the transport of hazardous materials and loss of confidential consignments.**

TNT Express operates a large fleet of vehicles and drivers could be involved in accidents that result in fatalities. TNT Express has recorded an increase in the number of road traffic accidents due to acquisitions in emerging markets, and adverse weather conditions. In addition, TNT Express transports hazardous materials for a number of customers in the automotive, biomedical and chemical industries. The hazardous consignments include airbags, batteries, paint, blood samples, medical substances, dry ice and chemicals. It may also transport hazardous or dangerous goods without notification from customers of the nature of the goods transported. Incidents involving these materials could result from a variety of causes including sabotage, terrorism, accidents or the improper packaging or handling of the materials. TNT Express faces a number of risks by transporting these materials, such as personal injury or loss of life, severe damage to and destruction of property and equipment, and environmental damage.

TNT Express also transports confidential and sensitive consignments on behalf of some of its customers. It does not always know the confidential and sensitive nature of these consignments and customers may choose to enter consignments into its network without registering the consignment, with the result that they cannot be tracked and traced.

If the number of fatal accidents is not reduced, or a significant incident occurred involving the handling of hazardous materials or if confidential consignments were misplaced or lost, TNT Express’ operations could be disrupted and the company could be subject to a wide range of additional measures or restrictions imposed on it by local or government authorities as well as potentially large civil and criminal liabilities. A significant incident, particularly a well-publicised incident involving potential or actual harm to members of the public, could damage TNT Express’ reputation.

Any of these incidents could affect TNT Express’ reputation, revenues and profitability.

**The securing of effective flight slot times and the appropriate licences may result in significant changes to TNT Express’ operations and could limit its flexibility in operating its business and affect its revenues and profitability.**

TNT Express operates various types of aircraft throughout Europe and between Europe and the United States, Asia and the Indian sub-continent. Some of the countries in which TNT Express operates, have adopted (or proposed) regulations that impose night-time take-off and landing restrictions, aircraft capacity limitations and similar measures to address the concerns of local communities. TNT Express relies on night-time operations at its air express hub in Liège, Belgium, for a substantial part of its international express business. A curtailment of night-time take-offs and landings at any of TNT Express’ key facilities, such as Liège, could affect its operations and services that the company can offer to customers.

In addition, as the provider of time-sensitive delivery services, TNT Express needs to secure adequate and effective flight slot times from airport coordination (or other local) authorities in all the countries and airports in which it operates. The limited availability of these slots could have an impact on the efficient operations of TNT Express’ time-sensitive air and road networks and could result in a breach of its contractual obligations. This could affect TNT Express’ revenues and profitability.

**Inherent – operational risks**

**A terrorist attack and increased anti-terrorism requirements could impose substantial additional security costs on TNT Express and this could affect its profitability.**

Escalating concerns about global terrorism and perceived insufficient levels of aviation security have caused governments and airline operators around the world, either to adopt or contemplate adopting...
stricter disciplines that will increase operating costs, especially for the transportation industry. These enhanced rules and regulations or other future security requirements for air cargo carriers, could have a negative impact on service quality and impose material additional costs and thereby affect TNT Express' profitability.

**TNT Express’ operations and employees are subject to risks related to natural disasters and extreme weather events that could affect both revenue and profitability.**

TNT Express’ operations and employees could potentially be affected by extreme weather events (such as the recent earthquake and tsunami in Japan, and the flooding in New Zealand, Australia and Thailand). In the final weeks of 2010, operations were significantly disrupted by extreme adverse weather conditions, which closed many airports and road networks, creating significant delays in both air and road operations.

The risk of similar future events is impossible to predict and could affect TNT Express’ revenue and profitability, however, the newly developed continuity plans will contribute to the mitigation of the risk.

**Increases to the prices of fuel and energy may affect TNT Express’ profitability.**

TNT Express’ operations depend on air and road transport. As a result, fuel and energy costs form a significant part of TNT Express’ cost base. On-going political and social developments in North Africa and the Middle East, in addition to other supply or demand developments could lead to an increase in fuel and energy prices. Electricity prices might increase further as a result of more stringent regulation of power utilities under the EU Emissions Trading Scheme. Rising fuel and energy prices will affect TNT Express’ own prices to customers and costs, in turn affecting its revenues and profitability.

**Risks related to health epidemics and other outbreaks of contagious diseases, including pandemic influenza, which could affect its revenues and profitability.**

Outbreaks of contagious diseases such as H1N1 and SARS and other adverse public health developments could affect TNT Express’ operations, and impact TNT Express’ ability to ship consignments or otherwise make deliveries of products originating in affected countries, as well as cause temporary closure of offices or other facilities. Such closures or shipment restrictions could severely disrupt TNT Express’ operations and affect TNT Express’ revenues and profitability.

TNT Express may also be required by regulation and/or by stakeholder expectation to put in place measures to ensure continuity of operations in the event of such an outbreak and this could increase costs as TNT Express prepares to mitigate such risks.

**LEGAL AND REGULATORY RISKS**

**Specific – legal and regulatory risks**

**Investigations relating to anti-trust regulations could result in fines that affect TNT Express’ reputation, revenues and profitability.**

Recent investigations into price-fixing and/or anti-competitive behaviour by some companies may result in an increased focus on the transportation sector by regulators. TNT Express may be required to cooperate with law enforcement agencies in various jurisdictions as part of a wider industry investigation. Such actions could distract management from the day-to-day running of the business and result in TNT Express incurring legal costs. If the company were found to have acted in breach of anti-trust regulations, fines and other sanctions could be imposed, which may adversely affect TNT Express’ reputation, revenues and profitability.

**Changes in the shareholder base of TNT Express or in the domicile of TNT Airways N.V./S.A. could impact TNT Express’ ability to secure and maintain traffic rights in certain countries and the use of airports, which could in turn affect its revenues and profitability.**

TNT Airways N.V./S.A. is incorporated in Belgium and qualifies as a Belgian and EU carrier. This results in a number of privileges including TNT Express’ use of Liège Airport, routings and reciprocal traffic rights and trade arrangements. Changing the domicile of TNT Airways N.V./S.A. or other changes to its legal structure, which result in it not qualifying as a Belgian carrier may result in TNT Airways N.V./S.A. not being able to use certain airports, including Liège Airport.

Changes in TNT Express’ shareholder base, which could result in the majority of the ordinary shares being held by non-EU shareholders, may result in TNT Airways NV/SA losing a number of its privileges.

Any of these changes could affect TNT Express’ revenues and profitability.
Failure by subcontractors to meet obligations for social security and other fiscal requirements could have a significant impact on TNT Express’ ability to provide services, reputation and profitability.

In some jurisdictions failure by subcontractors to meet obligations for social security and other fiscal requirements can result in the hiring company becoming liable. If TNT Express is held liable for its subcontractors’ breach of social security or fiscal obligations, its profitability could be affected. Even if there are no direct financial consequences, the reputation of TNT Express could be damaged.

Inherent - legal and regulatory risks

TNT Express operates in many jurisdictions, in which it is confronted with complex legal and regulatory requirements - especially in emerging markets where the legal systems are in varying stages of development. This creates an uncertain business and investment environment with potential risks, which could affect TNT Express’ revenues, financial position and profitability.

TNT Express operates around the globe and provides a worldwide service with facilities in many countries. As a result, TNT Express is confronted with complex legal and regulatory requirements in many jurisdictions. These include tariffs, trade barriers, limitations on foreign ownership of assets and share capital and taxes on remittances and other payments.

In many of the jurisdictions in which TNT Express operates, in particular emerging markets (such as China, Brazil, India, Russia and the Middle East), the legal systems are in varying stages of development. This creates an uncertain business and investment environment with related risks. These risks can include the absence of an independent and experienced judiciary, the necessity to use nominee constructs, and the possibility that TNT Express may be unable to enforce contracts. If any of these risks materialise, this might affect TNT Express’ ability to implement its policies and strategies, and might affect its revenues, financial position and profitability.

TNT Express is in the business of transporting goods that are subject to specific restrictions and regulations. A violation could result in fines and administrative sanctions, which could affect revenues and profitability.

TNT Express provides transportation services to various industry sectors and countries, some of which may be subject to specific export controls, customs, disclosures and denied parties regulations. In addition, TNT Express is occasionally required to provide information requested by authorities investigating transport of certain restricted or regulated consignments to and from certain denied or restricted parties. The controls applied by TNT Express may be insufficient to ensure all consignments comply with all applicable regulations in all jurisdictions. This can lead to investigations and operational measures and, in the event of any violations, TNT Express may be subject to fines and other administrative sanctions, such as discontinuation of service, as well as contractual liabilities, which could affect TNT Express’ revenues and profitability.

Unfavourable decisions by competition authorities concerning joint ventures, acquisitions or divestments could restrict TNT Express’ growth and strategic progress, and the ability to compete in the market for its services. This could affect its revenues and profitability.

TNT Express occasionally seeks alliances with or acquires shares in companies, or seeks to divest part of its business. Some joint ventures, acquisitions or divestments of shares or a business require approval by the competition authorities and this approval may contain certain restrictions or conditions with respect to the intended transaction or may not be granted at all. This could affect TNT Express’ revenues and profitability.

The legal concept of limited liability for loss of, or damage to, goods carried by TNT Express is increasingly being challenged and this could result in increased exposure to claims, thus affecting revenues and profitability.

TNT Express transports goods under the conditions of the international convention regarding the carriage of goods by air (the Warsaw Convention) and by road (the Convention on the Contract for the International Carriage of Goods by Road). These conventions contain provisions that limit TNT Express’ liability in the event that it loses or damages shipments belonging to its customers.

In the past, these principles was generally accepted as normal business practice, but in recent years, courts and regulators in an increasing number of jurisdictions, such as Brazil, have set aside these principles of limited liability. This exposes TNT Express to higher claims, and could thus affect TNT Express’ revenues and profitability.

Subcontractors might be classified as employees of TNT Express, which could affect its current business model, thereby affecting TNT Express’ profitability.

TNT Express hires subcontractors to perform certain aspects of its operations. In certain jurisdictions, the authorities have brought criminal actions against subcontractors, and in return subcontractors and/or their employees have brought civil actions against TNT Express alleging that subcontractors and/or their
employees engaged by TNT Express are to be regarded as TNT Express’ own unregistered employees. As a result, TNT Express could incur costs such as legal costs, social security contributions, wage taxes and overtime payments in respect of such employees. If these actions were successful, operating expenses would rise and this could affect profitability.

**TNT Express’ operations are subject to risks related to climate change regulation, which could affect its revenues and profitability.**

Global concern about climate change could lead to governmental actions or regulations that require TNT Express to reduce CO₂ emissions by its air and road fleet. For example, many local governments are imposing regulations to limit both the volume of road traffic and emissions in city centres. Such action or regulation could affect TNT Express’ air and road transport as well as those of its subcontractors. In addition, since 1 January 2012, TNT Airways N.V./S.A. has been subject to the requirements and obligations of the EU Emissions Trading Scheme. These measures could affect TNT Express’ revenues and profitability.

**Employee, subcontractor and supplier misconduct could result in financial losses, loss of clients and fines or other sanctions imposed by the national and local governments (and other regulators) of the countries in which TNT Express does business.**

TNT Express has implemented a robust Integrity Programme intended to protect it against risks relating to fraud and other improper activities. However, notwithstanding its Integrity Programme, TNT Express may be unable in all cases, to prevent its employees from engaging in misconduct, fraud or other improper activities that could adversely affect TNT Express’ business and reputation. Misconduct could include the failure to comply with applicable laws or TNT Express’ Business Principles, a breach of confidentiality, or breach of contract with clients. As a result of employee misconduct, TNT Express could incur fines and penalties imposed by governments in the countries in which it does business. Furthermore, TNT Express’ customers could file claims and/or terminate the contract for breach thereof. Any such fines, penalties or claims could, depending on their magnitude, lead to adjustments to the financial statements and result in liabilities that could reduce profitability. In addition, negative publicity in relation to employee misconduct could negatively affect TNT Express’ reputation, harm its ability to recruit employees and managers and reduce revenues.

Similar risks apply with regard to misconduct by TNT Express’ subcontractors and suppliers. In recent years, courts and regulators have increasingly held companies liable for acts of their independent subcontractors and suppliers. In view of this trend, TNT Express has among other things communicated the TNT Express Business Principles to its subcontractors and suppliers and provides training to ensure compliance. However, notwithstanding such communication and training activities, TNT Express may nevertheless experience experience potential liabilities in connection with its subcontractors and suppliers’ activities, under certain circumstances, if those subcontractors and suppliers engage in conduct in violation of the TNT Express Business Principles and/or applicable laws.

In addition, the application of the Integrity Programme to certain subcontractors and suppliers may be affected by the fact that in certain jurisdictions, authorities have instituted actions against TNT Express alleging that subcontractors or their employees engaged by the company are to be regarded as TNT Express’ own unregistered employees.

**FINANCIAL RISKS**

**Specific – financial risks**

**TNT Express targets a BBB+/Baa1 credit rating. Lower ratings may increase financing costs and harm its ability to finance operations and acquisitions, which could negatively affect revenues and profitability.**

There is no certainty that TNT Express can maintain or recover its targeted credit rating of BBB+ (S&P) / Baa1 (Moodys). TNT Express current credit ratings are BBB+ ‘stable’ and Baa2 ‘negative’. A downgrade of one or both of TNT Express’ credit ratings may increase TNT Express’ financing costs and harm the company’s ability to finance its operations and other major outlays, which could affect revenues and profitability.

**A break-up or a change in the composition of the Eurozone and its currency could negatively affect TNT Express’ ability to finance its operations and negatively impact its financial exposures.**

A break-up of or change in the composition of the Eurozone and its currency could have a significant impact on business performance among others, due to the adverse macroeconomic impact such a break-up may cause. In addition, a break-up or change could result in a significant devaluation of assets and profits due to currency devaluations. Also, it could restrict the free transfer of money and currencies and may adversely affect the creditworthiness of our counterparts.
Currency and interest rate fluctuations could affect TNT Express’ revenues and profitability.
TNT Express operates and sells its services globally, and a substantial portion of its assets, liabilities, costs, sales and income are denominated in currencies other than the euro (TNT Express’ reporting currency). The exchange rates between foreign currencies and the euro may fluctuate. In addition, a portion of TNT Express’ borrowings and financial assets incur floating interest rates. The main sensitivities on revenues and costs can be derived from geographical segmentation as provided in the additional notes to the financial statements presented in chapter 5.

Although TNT Express generally enters into hedging arrangements and other contracts in order to reduce its exposure to currency and interest fluctuations, these measures may be inadequate or may subject it to increased operating or financing costs, affecting profitability.

There are no net investment hedges outstanding. However, significant acquisitions and local debts are usually funded in the currency of the underlying assets. Such local debt may be structured via local bank loans or via intercompany loans. In the latter case, the foreign exchange risk on the intercompany loan is hedged with a bank which effectively results in the equivalent of local currency bank debt. These debts in local currency form a natural hedge against part of the foreign currency cash flow, earnings risks and translation exposures. As a result, fluctuations of local currency foreign exchange rates versus euro and fluctuations in local currency interest rates, may affect TNT Express’ revenues, profitability and equity. Refer to notes 29 and 30 of the consolidated financial statements.

TNT Express’ income tax liability may substantially increase if the tax laws and regulations in countries in which it operates change or become subject to adverse interpretations or become inconsistent.
Taxes payable by companies in many of the countries in which TNT Express operates, include taxes on profit, value-added tax, payroll-related taxes, property taxes and other taxes. Tax laws and regulations in some of these countries may be subject to frequent change, varying interpretation and inconsistent enforcement. Ineffective tax collection systems and continuing budget requirements may increase the likelihood of the imposition of arbitrary or onerous taxes and penalties, which could have a material adverse effect on TNT Express’ financial condition and results of operations. In addition to the usual tax burden imposed on taxpayers, these conditions create uncertainty as to the tax implications of various business decisions. This uncertainty could expose TNT Express to fines and penalties and to enforcement measures despite its best efforts at compliance, and could result in a greater than expected tax burden.

In addition, many of the jurisdictions in which TNT Express operates have adopted transfer pricing legislation. If tax authorities impose significant additional tax liabilities as a result of transfer pricing adjustments, this could have a material adverse effect on its financial condition and results of operations and may lead to double taxation. It is also possible that tax authorities in the countries in which TNT Express operates will introduce additional revenue raising measures. The introduction of any such provisions may affect its overall tax efficiency and may result in significant additional taxes becoming payable. Any such additional tax exposure could have a material adverse effect on its financial condition and results of operations. TNT Express may also face a significant increase in its income taxes if tax rates increase or if the tax laws or regulations in the jurisdictions in which it operates, or treaties between those jurisdictions, are modified in an adverse manner. This may adversely affect its cash flows, liquidity and ability to pay dividends.

If profitability were to be reduced, TNT Express might be unable to fully utilise its deferred tax assets.
As at 31 December 2011, TNT Express had €244 million recorded as net deferred tax assets in its consolidated financial statements (see note 22 of the consolidated financial statements). These assets can be utilised only if, and only to the extent that, its operating subsidiaries generate adequate levels of taxable income in future periods to offset the tax loss carry-forwards and reverse the temporary differences prior to expiration. At 31 December 2011, the amount of future income required to recover TNT Express’ deferred tax assets was approximately €900 million (over a period of at least ten years) at certain operating subsidiaries.

TNT Express’ ability to generate taxable income is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. If TNT Express generates lower taxable income than the amount it has assumed in determining its deferred tax assets, then the value of its deferred tax assets will be reduced.

TNT Express’ insurance policy includes a retention clause and may not cover all damages which could affect profitability.
TNT Express is insured via an in-house captive insurance company for catastrophic risks under insurance covers that are in line with market practice. The insurance policy includes a retention (own risk) clause. The insurance policy may not cover all potential damages as the coverage is limited both in
the size of insured amounts as well as in the nature of the damage claims. In case of damages and or proven negligence, these might not be fully covered, which could affect TNT Express’ profitability.

**RISKS RELATING TO SECURITIES OF TNT EXPRESS**

*As a result of the demerger, TNT Express is liable for TNT N.V.’s obligations that were outstanding at the date of the legal demerger.*

As a result of the demerger, TNT Express is jointly and severally liable for any obligations of PostNL N.V. (PostNL) that were outstanding within TNT N.V. as at the date of the legal demerger, which PostNL itself fails to meet.

TNT Express has entered into separate agreements with the pension funds and PostNL in regards to the pension liability of PostNL to the pension funds. In case of violation of contractual terms, irregularity of payments or bankruptcy of PostNL, TNT Express is liable for pension premiums related to pension benefits accrued under TNT N.V.’s pension plans up to the date of the demerger, even if these are unrelated to TNT Express’ own employees.

In addition to the pension funds, another important obligation outstanding at the demerger is the outstanding debts of TNT N.V. which include €1.6 billion in Eurobonds.

TNT Express will not have recourse on another party for these payments, except to the extent it has recourse on PostNL.

*Material owners of TNT Express N.V. ordinary shares, post-dememerger, could be in a position to exercise proportionate but still significant influence. This could affect the trading volume and market price of the ordinary shares.*

PostNL holds 29.9% of the ordinary shares of TNT Express N.V. and a number of other investors have material holdings. Given the historical attendance rates of general meetings of Dutch listed companies, this allows PostNL and other material investors the ability to exercise proportionate but still significant influence over certain corporate matters requiring approval of a General Meeting of shareholders. (Subject to the Relationship Agreement as described in section 15.3 of the ‘Prospectus TNT Express N.V., first admission to trading and listing document’, in the case of PostNL). This concentration of ownership could affect the trading volume and market price of the ordinary shares.