

# **CORPORATE GOVERNANCE STATEMENT**

This corporate governance statement has been drafted in conformity with the Dutch Decree implementing further accounting standards for the content of annual reports dated 23 December 2004 (as amended on 20 March 2009) and forms part of the 2009 Annual Report.

## **Adherence to the Dutch corporate governance code**

TNT applies the principles and best practices of the Dutch corporate governance code published on 10 December 2008 and designated on 3 December 2009 as code of conduct as referred to in article 391 paragraph 5 of book 2 of the Dutch Civil Code, except for the following best practice provisions below that are not fully applied:

- provision II.2.5 Dutch corporate governance code inter alia states that shares granted without financial consideration to members of the Board of Management shall be retained for a period of at least five years or until at least the end of the employment, if this period is shorter.
  - o *Since the start of TNT's equity programme, the process for the members of the Board of Management has been such that if and when vesting of the right on shares takes place (leading to the delivery of shares) which happens in any event not earlier than three years from grant of the right, enough of the shares are sold for the purpose of using the proceeds to pay for the tax relating to the grant of these shares. This process will not be discontinued as no loans will be granted to the members of the Board of Management. See 2009 Annual Report chapter 6 note 18 under bonus/matching share plan and vesting of the long term incentive.*
- provision II.2.8 Dutch corporate governance code states that the remuneration in the event of dismissal of members of the Board of Management may not exceed one year's salary (the "fixed" remuneration component). In case one year's salary would be manifestly unreasonable, the severance pay may not exceed twice the annual salary.
  - o *Severance payments other than related to a change of control for members of the Board of Management are one year base salary or a maximum of two years' base salary in the first four-year term if one year is considered to be unreasonable. The employment contract of TNT's CFO effective 1 April 2006 states that the severance payment other than related to a change of control will amount to twenty-four months base salary during the first four year term as a member of the Board of Management. During further terms as a member of the Board of Management, his severance payment amounts to twelve months base salary. As stated in the 2009 Annual Report chapter 9, contracts entered into prior to 2004 remain unaltered.*
  - o *for members of the Board of Management who are not residents of the Netherlands, TNT follows local market practice for that part of the base salary earned in the country of residence. This is done to ensure that TNT can offer a competitive package to foreign members of the Board of Management commensurate with local practice.*

- *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 last three years, multiplied by two. No distinction is made between resident or non-resident members of the Board of Management. TNT is of the opinion that such payment is realistic taking into account the special position of members of the Board of Management in a change of control situation. Also, the Supervisory Board may decide that the performance shares vest in whole or in part.*
- provision II.2.13(f) Dutch corporate governance code states that the remuneration overview in the remuneration report of the Supervisory Board shall in any event contain a description of the performance criteria on which the performance-related component of the variable remuneration is dependent in so far disclosure would not be undesirable because the information is competition sensitive.  
*TNT discloses quantified financial and non-financial targets which are published in general terms. The actual targets are specific and thus contain competition-sensitive information, and are therefore not disclosed. See 2009 Annual Report chapter 9 under Current remuneration policy.*

In the chapter sections referred to above, TNT explains why it deviates from these best practice provisions. Material future (corporate) developments might justify further deviations from the Dutch corporate governance code at the moment of occurrence.

Each substantial change in the corporate governance structure of the company and in the compliance of the company with the Dutch corporate governance code shall be submitted to the general meeting of shareholders for discussion.

The full text of the Dutch corporate governance code can be viewed on TNT's corporate website.

## **Most important aspects of the management- and control systems of TNT relating to the financial reporting process of TNT and its consolidated group companies**

### **Internal control over financial reporting**

TNT's Board of Management is and remains committed to continuing to provide a high standard of corporate governance, information and disclosure, in line with the current Dutch corporate governance code and regulatory requirements. The Board of Management is focused on continuously strengthening TNT's internal control over financial reporting, whereby the positive elements of TNT's former obligations under the Sarbanes-Oxley Act continue to form a key part of TNT's approach to governance, internal control and reporting. The Board of Management fully believes that this approach and investment will continue to support a solid platform for sustainable value creation for the group. TNT's Board of Management has chosen to expand the scope of the internal controls over financial reporting framework beyond the minimum requirements that

would have been mandatory according to the Sarbanes-Oxley Act, to include certain smaller entities as well as some of the newly acquired entities in the emerging platforms.

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

Throughout 2009, TNT continued to invest the necessary time and resources required to document and evaluate the design of internal controls over financial reporting as well as continuing the comprehensive programme of testing the operational effectiveness of the company's internal control over financial reporting. TNT has also further refined its system of entity level controls which are applicable to all entities worldwide. This latter system includes an integrity awareness and training programme and a robust portfolio of group policies and procedures. In 2009 the Board of Management continued to engage TNT's external auditor to perform specific agreed upon procedures on the internal control over financial reporting in all entities in scope for TNT's ICFR programme. The Board of Management believes that this approach adds significant value to the discipline needed to maintain and embed internal control over financial reporting across the TNT Group. The factual findings of the external auditor are reported to the Board of Management and the audit committee of the Supervisory Board.

## **Functioning of meetings of shareholders, powers and rights of shareholders and how these can be exercised.**

### **General meetings of shareholders**

#### Frequency and venue

TNT is required to hold an annual general meeting of shareholders within six months after the end of the financial year in order to, among other things, adopt the financial statements and to decide on any proposal concerning dividends. Further to Dutch law, the release from liability of the members of the Board of Management and the Supervisory Board for the performance of their respective duties during the financial year are also agenda items for this meeting. However, this release only covers liability for matters reflected in the financial statements or otherwise disclosed to the general meeting of shareholders prior to the adoption of the financial statements.

Other general meetings of shareholders are held as often as the Board of Management or the Supervisory Board deem necessary, and shall in principle be convened if the Board of

Management proposes to take a decision that will result in a significant change in the identity or character of TNT or its business.

Furthermore, in the event shareholders jointly representing at least 10% of the outstanding share capital make a written request to convene a general meeting of shareholders to the Supervisory Board and the Board of Management, stating their proposed agenda in detail, a general meeting of shareholders shall in principle be convened.

General meetings of shareholders may only be held in Amsterdam, The Hague, Hoofddorp or in the municipality of Haarlemmermeer (Schiphol).

#### Agenda

One or more shareholders holding shares representing at least 1% of TNT's issued share capital or representing a value of €50 million according to the Official Price List of Euronext Amsterdam (Official Price List) has/have the right to request the Board of Management or the Supervisory Board to place items on the agenda of the general meeting of shareholders. Such a request has to be honoured by the Board of Management or the Supervisory Board provided that important company interests do not dictate otherwise and that the request is received by the Board of Management or the Supervisory Board in writing, at least sixty days before the date of the general meeting of shareholders.

In the event a request is made from one or more shareholders to either convene a meeting or to place an item on the agenda of a general meeting of shareholders that may result in a change in the company's strategy the Board of Management shall be given the opportunity to stipulate a reasonable period in which to respond, such period not to exceed 180 days.

#### Notice to convene

General meetings of shareholders are convened by at least 15 days' prior notice published in a nationally distributed daily newspaper and in the Official Price List.

#### Admission to and voting rights at the meeting

Each shareholder has the right to attend general meetings of shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of TNT's articles of association. An eligible shareholder has the aforementioned rights if registered as shareholder on the applicable record date as set by the Board of Management.

Each of the shares in TNT's share capital carries the right to cast one vote. Unless otherwise required by Dutch law or TNT's articles of association, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting.

Under TNT's articles of association there are no limitations to the rights of Dutch, non-resident or foreign shareholders to hold or exercise voting rights in respect of TNT's securities, and TNT is not aware of any such restrictions under Dutch corporate law.

#### Liquidation rights

In the event of TNT's dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses are to be distributed in the following order of preference: first, to the holders of all outstanding preference shares B (if any) the nominal amount paid up on these shares plus accumulated dividends for preceding years which have not yet been paid; and second, to holders of the ordinary shares in proportion to their shareholdings.

#### Changes to the rights of shareholders

Rights of shareholders may change pursuant to an amendment of the articles of association, a statutory merger or demerger within the meaning of book 2 of the Dutch Civil Code or dissolution of the company. A resolution of the general meeting of shareholders is required to effect these changes. Under TNT's articles of association, such resolution may only be adopted upon a proposal of the Board of Management that has been approved by the Supervisory Board.

#### Major shareholders

To TNT's knowledge TNT is not directly or indirectly owned or controlled by another corporation or by any government. TNT does not know of any arrangements the operation of which might, at a subsequent date, result in a change of control, except as described under "Foundation Protection TNT and preference shares B" below.

The Financial Markets Supervision Act (*Wet op het financieel toezicht*) imposes a duty to disclose percentage holdings in the capital and/or voting rights in the company when such holding reaches, exceeds or falls 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 AFM then notifies the company.

#### Annual general meeting of shareholders held on 8 April 2009

On 8 April 2009, TNT held its annual general meeting of shareholders at Schiphol-Rijk, the Netherlands. The attendance rate was 42% of the total outstanding share capital, compared to 48% in 2008.

During the annual general meeting of shareholders all proposed resolutions were adopted, including the extension of authority to issue shares. The annual general meeting of shareholders extended the then-current authority of the Board of Management to issue ordinary shares for another period of eighteen months to end on 8 October 2010. Ordinary shares up to a maximum of 10% of the issued share capital may be issued by resolution of the Board of Management. An additional 10% of the issued share capital may be issued that way when a share issue takes place in relation to a merger or acquisition.

The resolutions of the meeting, the agenda and the voting results for each resolution as well as the presentations given during the meeting can be found on TNT's corporate website. Minutes of the meeting can be found both in the Dutch and in the English language on TNT's corporate website.

#### Amendment to Articles of Association

Amendments to TNT's articles of association can take place upon a proposal of the Board of Management approved by the Supervisory Board and adopted by the general meeting of shareholders. A proposal to amend the articles of association must be stated in a notice convening a general meeting of shareholders and announced by publication in a nationally distributed daily newspaper and in the Official Price List, or in such manner as shall be permitted by law at any time. The proposal shall be passed upon an absolute majority of the votes cast in the general meeting of shareholders.

#### Reduction of issued share capital in general

Cancellation of shares following a repurchase is one of the ways to reduce the issued share capital. TNT's issued share capital may also be reduced by way of a reduction of the nominal value of its shares by amendment of TNT's articles of association. The general meeting of shareholders is the body competent to resolve to reduce TNT's issued share capital. Pursuant to TNT's articles of association, such resolution may be taken upon a proposal of the Board of Management that has been approved by the Supervisory Board. The latter requirement is more stringent than is required by Dutch law.

#### Acquisition of own shares by the company

Under its articles of association, TNT may acquire its own shares, provided that they are fully paid-up. If such shares are acquired for consideration, the following conditions apply:

- TNT's shareholders' equity less the purchase price may not fall below the sum of the paid-up capital and any reserves required to be maintained by Dutch law or pursuant to the articles of association, and
- following the share acquisition, TNT may not hold shares with an aggregate nominal value exceeding one-tenth of its issued share capital.

The acquisition of shares in its capital may be effected by a resolution of the Board of Management, subject to the approval of the Supervisory Board.

In addition to the above, the Board of Management requires prior authorisation by the general meeting of shareholders to acquire shares in the company for consideration. This authorisation may be valid for a period not exceeding 18 months from the date of the meeting and must specify:

- the number of shares that may be acquired,
- the manner in which shares may be acquired, and
- the price limits within which shares may be acquired.

Authorisation by the general meeting of shareholders is not required if TNT's own shares are acquired for the purpose of transferring those shares to TNT employees pursuant to any arrangements applicable to such employees.

#### Increase of issued share capital by issuance of shares/pre-emptive rights

TNT's Board of Management has been designated as the body competent to resolve to issue shares in TNT and to grant rights to subscribe for ordinary shares, including options and warrants. Pursuant to TNT's current articles of association, such resolution is subject to the approval of the Supervisory Board. The scope and duration of this authority of the Board of Management is determined by the general meeting of shareholders. Under TNT's articles of association the scope relates at most to all shares in its authorised share capital that have not been issued. The duration of the authority shall be for a period of five years at most.

Extension of the term of designation of the Board of Management as the body competent to issue shares may also be effected by amending TNT's articles of association to that effect. If no extension is given, the issue of shares or granting of rights to subscribe for ordinary shares requires a resolution of the general meeting of shareholders. Such resolution may only be taken upon a proposal of the Board of Management, which proposal requires approval of the Supervisory Board.

In principle, each holder of ordinary shares has a pre-emptive right to any issue of ordinary shares or the granting of rights to subscribe for these shares. Registered holders of American Depositary Shares (ADS) and holders holding their ADS through a broker or a nominee evidenced by American Depositary Receipts do not qualify as holders of ordinary shares in this respect.

Pursuant to TNT's articles of association shareholders' pre-emptive rights may be restricted or excluded by a resolution of the Board of Management, provided and as long as the Board of Management has been designated as the body competent to resolve to issue shares. Such resolution is subject to the approval of the Supervisory Board. Pursuant to TNT's articles of association the provisions with respect to the scope and duration of the authority to issue shares and grant rights to subscribe for ordinary shares are also applicable to the scope and duration of the authority to exclude or restrict pre-emptive rights.

There are no special voting rights attached to shares nor are there (natural) persons to whom a special statutory right with respect to voting rights in the company has been granted. No depositary receipts of shares have been issued.

#### **Holdings in TNT**

The Financial Markets Supervision Act (*Wet op het financieel toezicht*) imposes a duty to disclose percentage holdings in the capital and/or voting rights in the company when such holding reaches, exceeds or falls 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 AFM then notifies the company.

On 20 February 2009, TNT received notification from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of a holding in the company of 6.23% by UBS AG. On 26 February 2009, TNT received notification from the AFM that this holding in the company was reduced to 3.74% by UBS AG. On 18 June 2009, TNT received notification from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of a holding in the company of 5.16% by Lansdowne UK Equity Fund Limited. On 9 September 2009, TNT received notification from the AFM that this holding in the company was reduced to 4.77% by Lansdowne UK Equity Fund Limited. On 14 September 2009, TNT received notification from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of the reduction in a holding of voting rights in the company by Lansdowne Partners Limited from 5.02% in March 2008 to 4.99%. On 1 December 2009, TNT received notification from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of a holding in the company of 5.17% by BlackRock, Inc. On 2 December 2009, TNT received notifications from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of a holding of 5.39% and a holding of voting rights in the company of 5.49% by Her Majesty the Queen in right of Alberta (Alberta Investment Management Corporation), as well as a holding of 5.26% and a holding of voting rights in the company of 5.36% by B. Rosenstein (Jana Capital LLC). Both the 5.36% and the 5.39% holdings were for the most part a combined holding by two different shareholders.

## **Board of Management**

### **Composition**

The Board of Management consists of four members: the CEO, the CFO and the two group managing directors of the Mail and Express divisions.

### **M.P. (Peter) Bakker (1961, Dutch)**

#### **Chief Executive Officer**

Peter Bakker has been CEO and chairman of the Board of Management since November 2001. He joined Royal TNT Post (then called PTT Post) in 1991 and was appointed financial director of its parcels business unit in 1993. He was appointed financial control director of TNT Post in 1996 and became a member of the board of management of TNT Post in 1997. Since the demerger of TNT N.V. (then called TNT Post Groep N.V.) from Royal PTT Nederland N.V. until his appointment as CEO, Mr Bakker was chief financial officer and a member of TNT's Board of Management. Before joining TNT Post, Mr Bakker worked for TS Seeds Holdings.

Mr Bakker's portfolio includes corporate strategy, corporate relations, general counsel, corporate responsibility, human resources and internal audit.

Mr Bakker is a member of the advisory board of World Press Photo and a member of the board of Foundation Moving the World.

### **C.H. (Henk) van Dalen (1952, Dutch)**

#### Chief Financial Officer

Henk van Dalen has been CFO and a member of the Board of Management since April 2006. He started his career at DSM N.V. in 1976, where he held various human resources and general management positions. From 2000 until March 2006 Mr Van Dalen was a member of the board of management and CFO of DSM N.V.

Mr Van Dalen's portfolio includes financial reporting and accounting, risk management and internal control, corporate responsibility reporting, mergers and acquisitions, business control, treasury, tax, investor relations, and legal and integrity.

Mr Van Dalen is a member of the supervisory board of Macintosh Retail Group N.V. and NIBC Bank N.V. Furthermore, he is a board member of the "Nationaal Fonds 4 en 5 mei" and a member of the board of advisors of AIESEC Nederland and NEVIR (*Nederlandse Vereniging voor Investor Relations*). He is also treasurer of the Netherlands Olympic Committee (NOC\*NSF).

### **H.M. (Harry) Koorstra (1951, Dutch)**

#### Group Managing Director Mail

Harry Koorstra has been group managing director Mail and a member of the Board of Management since July 2000. Mr Koorstra joined Royal TNT Post (then called PTT Post) in 1991 as managing director of its then Media Service business unit and became a member of its board of management in 1997. Before joining the company, Mr Koorstra worked at VNU N.V. for 15 years, lastly as general director of its Admedia/VNU Magazine Group. Mr Koorstra is chairman of the supervisory board Postkantoren B.V. Mr Koorstra was reappointed as a member of the Board of Management by the Supervisory Board for another four year term in April 2009.

Mr Koorstra is chairman of the supervisory board of Hermans Investments B.V. and a member of the supervisory board of Royal Swets and Zeitlinger Holding N.V. He is also member of the executive committee and general board of the Confederation of Netherlands Industry and Employers (VNO-NCW) and a member of the advisory board of Boer & Croon.

### **M.C. (Marie-Christine) Lombard (1958, French)**

#### Group Managing Director Express

Marie-Christine Lombard has been group managing director Express and a member of the Board of Management since January 2004. She joined Jet Services in France in 1993. Upon TNT's acquisition of Jet Services in 1999, Ms Lombard joined TNT (then called TNT Post Groep N.V.) as the managing director of the domestic Express business and

from March 2001 until January 2004 she was managing director of TNT's international Express business in France.

Ms Lombard is a member of the supervisory board of METRO AG. Ms Lombard is also president of the "Lyon Ville de l'Entrepreneuriat" Business Network Group and advisor of Bridgepoint France. She served as a member of the supervisory board of Royal Wessanen N.V. until 22 April 2009.

The members of the Board of Management have no important outside board positions as defined in the Code other than those listed above.

### **Functioning of the Board of Management**

The Board of Management is responsible for setting TNT's mission, vision and strategy and execution of its implementation, takes responsibility for TNT's overall results and addresses the corporate responsibility issues relevant to TNT.

The group managing director of each of TNT's two divisions is primarily responsible for the development and execution of the business strategy and operations of the division within the framework set by TNT's corporate strategy. The Board of Management is collectively responsible for the management of TNT as a whole and for all decisions taken in this respect.

TNT's reporting structure in 2009 was in line with the management structure of the two divisions. In 2010 certain amendments will be made in the structure following TNT's implementation of Vision 2015.

The Board of Management acts in accordance with the interests of TNT and is to that end required to consider all appropriate interests associated with the company. The Board of Management is firmly committed to managing the company in a structured and transparent fashion. TNT aims to provide stakeholders with a clear view on corporate decisions and decision-making processes. Value-based management provides TNT with an additional framework for decision making within the company, based on objective criteria. Day-to-day decisions in the divisions are decentralised within established standards, processes, requirements and guidelines.

TNT's Board of Management is responsible for complying with all relevant primary and secondary legislation, the risk profile associated with the strategy, the corporate responsibility issues relevant to the company, its financing, and for its external communications. TNT's Board of Management is required to report developments on the abovementioned subjects to, and discusses the internal risk management and control systems with, TNT's Supervisory Board and its audit committee.

TNT's Board of Management has formed the following bodies to assist with compliance with applicable corporate governance requirements: a disclosure committee, an ethics committee and a CR Council.

The disclosure committee advises and assists TNT's Board of Management to ensure that TNT's disclosures in all reports are full, fair, accurate, timely and understandable and that they fairly present the condition of the company in all material respects. The disclosure committee provides oversight of the design, development, implementation and ongoing effectiveness of TNT's disclosure controls and procedures.

The ethics committee is appointed to advise and assist in developing and implementing group policies and procedures aimed at enhancing integrity and ethical behaviour and preventing fraud throughout TNT worldwide, and monitoring compliance with integrity and ethical behaviour standards. The ethics committee oversees and coordinates investigations resulting from complaints via the TNT Group Procedure on Whistleblowing and/or the TNT Group Policy on Fraud Prevention, and it advises and makes recommendations with regard to guidelines for disciplinary actions. The ethics committee also advises and makes recommendations to the Board of Management and line-management on the mitigation of fraud risk and on ethical and anti-corruption matters. The ethics committee reports regularly to the Board of Management and every six months to the Supervisory Board.

The CR council advises and assists the Board of Management to deploy the CR strategy, to provide guidance on the CR direction, issues and opportunities and to integrate CR in the daily operations. The Board of Management is also supported in developing and achieving its CR strategic objectives by group and divisional functions and departments. These functions and departments, CR reporting, Group Integrity, Procurement, Human Resources and Group Communications, are responsible for ensuring that the legal and regulatory compliance objectives are achieved. Please refer to chapter 19 for more detail on the CR governance structure.

The by-laws of the Board of Management and the terms of reference of the disclosure committee can be viewed on TNT's corporate website, [group.tnt.com](http://group.tnt.com).

The Board of Management performs its activities under the supervision of the Supervisory Board. The Board of Management provides the Supervisory Board in a timely manner with the information necessary for the proper performance of its duties. In addition, the Board of Management is required to provide the necessary means, allowing the Supervisory Board and its individual members to obtain all information necessary to be able to function as the supervisory body of TNT. In its communication with the Supervisory Board the Board of Management seeks full transparency.

Under the large company regime members of the Board of Management are appointed by the Supervisory Board after having notified the general meeting of shareholders of its intention to do so. The Supervisory Board can dismiss a member of the Board of Management after having consulted the general meeting of shareholders of the intended dismissal. For further details on the appointment and dismissal of members of the Board of Management see article 21 of TNT's articles of association.

## **Supervisory Board**

### **Composition**

TNT's articles of association determine that the Supervisory Board should consist of a minimum of seven and a maximum of twelve members. The Supervisory Board determines the number of its members. At present, TNT's Supervisory Board consists of nine members.

According to the by-laws and the profile of the Supervisory Board, a person may be appointed to the Supervisory Board for a maximum of three terms of four years. Also, TNT's articles of association provide that members of the Supervisory Board shall retire periodically in accordance with a rotation plan drawn up by the Supervisory Board in order to avoid, as far as possible, a situation in which appointments and/or reappointments occur simultaneously. Both profile and rotation plan can be viewed on TNT's corporate website, [group.tnt.com](http://group.tnt.com).

In accordance with the Dutch corporate governance code the members of the Supervisory Board will not hold more than five memberships in supervisory boards of Dutch listed companies (including TNT). In this respect, a chairmanship counts twice.

### **P.C. (Piet) Klaver (1945, Dutch)**

Mr Klaver was appointed as a member of the Supervisory Board on 11 April 2008. His current term expires in 2012. He has been chairman of the Supervisory Board as of 1 January 2009. Mr Klaver is chairman of the supervisory boards of the Utrecht School of Arts, Dekker Hout Groep B.V., Jaarbeurs Holding B.V. and Credit Yard Group B.V. Furthermore, he is a member of the supervisory boards of ING Group N.V., SHV Holdings N.V. and Dura Vermeer Groep N.V. He is a member of the board of African Parks Foundation. Formerly, Mr Klaver held various positions at SHV Holdings N.V., lastly as chairman of the executive board of directors.

### **S. (Shemaya) Levy (1947, French)**

Mr Levy was appointed as a member of the Supervisory Board on 7 April 2005. His current term expires in 2013. He is vice-chairman of the Supervisory Board as of 1 January 2009. Mr Levy is a member of the supervisory boards of Safran, Segula Technologies and AEGON N.V. Formerly, Mr Levy was chief executive officer of Renault Industrial Vehicles Division and executive vice-president and chief financial officer of Renault Group as well as member of the supervisory boards of Nissan and Renault Spain.

### **R.J.N. (Robert) Abrahamsen (1938, Dutch)**

Mr Abrahamsen was appointed as a member of the Supervisory Board on 9 May 2000. His current term expires in 2012. Mr Abrahamsen is chairman of the supervisory board of Optimix Vermogensbeheer N.V. Mr Abrahamsen is a member of the supervisory boards of Fluor Daniel B.V., PON Holdings B.V., Havenbedrijf Rotterdam B.V., ANP, Royal BAM Group, Vitens N.V., and Bank Nederlandse Gemeenten. He was a member of

the management board and chief financial officer of KLM Royal Dutch Airlines N.V. and was senior executive vice-president of ABN AMRO Bank N.V.

**Ms P.M. Altenburg (1952, Dutch)**

Ms Altenburg was appointed as a member of the Supervisory Board on 8 April 2009. Her current term expires in 2013. Ms Altenburg is a member of the supervisory boards of MSD B.V., Art and Culture Pension- and Life insurance Maatschappij N.V., KONI B.V. and M&N Services. Furthermore, she is a member of the board of the Zuiderzee Museum, chairperson of the Committee Verstrekking- en Indicatiegeschillen van het College voor Zorgverzekeringen and vice-chairperson of the Nederlands Instituut van Psychologen. Formerly, Ms Altenburg held various positions at the trade union FNV and was member of the board of ABVAKABO FNV. She was member of the boards of Dutch pension funds ABP and PGGM.

**V. (Victor) Halberstadt (1939, Dutch)**

Mr Halberstadt was appointed as a member of the Supervisory Board on 28 June 1998. His current term expires in 2010. Mr Halberstadt is professor of public finance at Leiden University, international advisor of The Goldman Sachs Group Inc., and non-executive director of PA Consulting Group Ltd. Furthermore, he is a member of the supervisory board of Het Concertgebouw N.V. Mr Halberstadt previously served among other things as president of the International Institute of Public Finance, Crown-member of the Social and Economic Council, chairman of the Daimler Chrysler international advisory board and member of the supervisory board of Royal KPN N.V.

**M.E. (Mary) Harris (1966, British)**

Ms Harris was appointed as a member of the Supervisory Board on 20 April 2007. Her current term expires in 2011. From 1994 to 2006, Ms Harris held a number of positions at McKinsey & Company in London, China, South-east Asia and Amsterdam. Previously, Ms Harris held positions at media venture capital firm Maxwell Entertainment Group, Pepsi Cola Beverages, and Goldman Sachs & Co. Ms Harris is a non-executive director at J. Sainsbury plc, a member of the supervisory board of Unibail-Rodamco SE and a member of the advisory board of Irdeto B.V.

**R. (Roger) King (1940, American)**

Mr King was appointed as a member of the Supervisory Board on 20 April 2006. His current term expires in 2010. Mr King is non-executive director of Arrow Electronics, Inc. (USA) and Orient Overseas International Limited (Hong Kong). He is Honorary Consul for the Republic of Latvia in Hong Kong SAR, and serves on various business and community committees. Mr King is Adjunct Professor and Director of the Center for Asian Family Business and Entrepreneurship Studies at Hong Kong University of Science and Technology. He is former president and chief executive officer of Sa Sa International Holdings Limited, former chairman and chief executive officer of ODS System-Pro Holdings Limited (Hong Kong), part of the CY Tung Group of Companies, and was managing director and chief operating officer of Orient Overseas International Limited.

**W. (Wim) Kok (1938, Dutch)**

Mr Kok was appointed as a member of the Supervisory Board on 1 April 2003. His current term expires in 2011. Mr Kok is a non-executive director of Royal Dutch Shell plc and member of the supervisory board of KLM Royal Dutch Airlines N.V. Furthermore, Mr Kok is the chairman of the board of trustees of the National Ballet and the Antoni van Leeuwenhoek Hospital “Netherlands Cancer Institute”. He is a member of the board of trustees of Het Muziektheater, member of the board of Stichting Start Foundation, and chairman of the Anne Frank Foundation. Mr Kok was formerly Prime Minister of the Netherlands, Minister of Finance, Member of Parliament, chairman of the Confederation of Dutch Trade Unions and the European Trade Union Confederation, member of the supervisory board of ING Group N.V., and vice-chairman of the board of trustees of the Rijksmuseum.

**G.J. (Gerard) Ruizendaal (1958, Dutch)**

Mr Ruizendaal was appointed as a member of the Supervisory Board on 11 April 2008. His current term expires in 2012. Mr Ruizendaal is a member of the group management committee of Royal Philips Electronics N.V. He held various positions at Philips, among other things as group controller, and was vice-chairman of the supervisory board and member of the audit committee of Atos Origin.

**J.H.M. (Jan) Hommen (1943, Dutch)**

Mr Hommen was appointed as a member of the Supervisory Board on 28 June 1998. He was chairman of the Supervisory Board from April 2005 until end of December 2008. His term as a member of the Supervisory Board expired in 2009. Mr Hommen was not available for reappointment and he stepped down as a member of the Supervisory Board on 8 April 2009.

**G. (Giovanna) Kampouri Monnas (1955, Greek)**

Ms Kampouri Monnas was appointed as a member of the Supervisory Board on 7 April 2005. Her term as a member of the Supervisory Board expired in 2009. Ms Kampouri Monnas was not available for reappointment and she stepped down as a member of the Supervisory Board on 8 April 2009.

**Functioning of the Supervisory Board**

The Supervisory Board is charged with supervising the Board of Management and the general course of affairs of TNT, as well as assisting the Board of Management by providing advice. The Supervisory Board evaluates the main organisational structure and the control mechanisms established by the Board of Management. Members of the Supervisory Board may take positions different from those of the Board of Management.

In performing its duties the Supervisory Board is charged with acting in accordance with the interests of TNT. It shall take into account the relevant interest 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. TNT's Supervisory Board is responsible for the quality of its own performance and for this purpose annually reviews its performance. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole.

Share ownership is not required to qualify as a member of the Supervisory Board. Under the large company regime members of the Supervisory Board are appointed by the general meeting of shareholders following nomination by the Supervisory Board. The general meeting of shareholders can, furthermore, dismiss the Supervisory Board as a whole by an absolute majority of the votes cast representing at least one-third of the issued capital. For further details on the appointment and dismissal of (members of) the Supervisory Board see articles 28 and 29 of TNT's articles of association.

The Supervisory Board and the public affairs committee of the Supervisory Board perform an oversight role with respect to corporate responsibility issues (CR). TNT's internal audit function and the company's external auditors support the Board of Management and the Supervisory Board in monitoring the CR governance structure and reporting. Please see the 2009 Annual Report chapter 19 for a comprehensive overview of the roles of internal audit and the assurance services provided by the external auditor.

TNT's articles of association and the by-laws of the Supervisory Board can be viewed on TNT's corporate website, [group.tnt.com](http://group.tnt.com).

#### Meetings of the Supervisory Board

In 2009, the Supervisory Board held 15 (mostly evening and next day morning) meetings, of which 13 with the Board of Management present as well. The chairman had frequent meetings with the CEO, whereby a number of meetings were also attended by the vice-chairman, and from time to time with other members of the Board of Management, in between the Supervisory Board meetings. Market developments and the results and positions in various market segments within Express and Mail as well as strategic, business and corporate social responsibility issues were discussed in every meeting.

The Supervisory Board held a number of meetings by telephone. Most meetings were attended by the full Supervisory Board. There was no frequent absence of any of the members of the Supervisory Board.

In February, the Supervisory Board approved the targets over 2008 as well as the remuneration package for the Board of Management for 2009. The management letter by TNT's auditors, PricewaterhouseCoopers Accountants N.V., and the 2008 corporate responsibility report were discussed. The 2008 annual report, the TNT Reserve and Dividend Guidelines 2009 and the agenda for TNT's annual general meeting of shareholders of 8 April 2009 were approved. An update on the integrity programme (including the 2008 fraud and whistleblower report) was provided. The outcome of the

risk management process was shared and discussed with the Supervisory Board. The fourth quarter results 2008 were discussed. The Supervisory Board approved TNT's financial statements. Discussions were held on the business outlook for 2009 and the availability and mix of dividend over the financial year 2008. This resulted in the approval by the Supervisory Board of the decision of the Board of Management to propose to the annual general meeting of shareholders a distribution of a stock dividend to be paid out of the distributable reserves of one share for every 40 shares, which, based on the volume weighted average share price of 11-13 February 2009 (€14.66), equaled €37 cents per share.

In April, the Supervisory Board reappointed Mr Koorstra as member of the Board of Management for another four year term. The nomination for reappointment of Mr Levy and the nomination for appointment of Ms Altenburg as member of the Supervisory Board were approved by the annual general meeting of shareholders. The first quarter results were discussed.

In June, the Supervisory Board held the annual strategy meeting together with the Board of Management, reviewing both the business strategies of the Mail and Express divisions as well as the group strategies, including financial strategies. The portfolio mix and transformation, defining area's for growth, area's for deeper focus and value development were discussed. See for more information the section below on strategy.

In July, the half-year results and second quarter results were discussed. The Supervisory Board approved the 2009 interim dividend and discussed the health and safety reporting. An update on the integrity programme (including the half-year 2009 fraud and whistleblower report) was provided. A further strategy meeting was held. The outline of a new remuneration policy for the Board of Management was discussed.

In October, the third quarter results were discussed. The policies and by-laws of the company that required amendment due to the (new) Dutch corporate governance code were approved.

In December, the Supervisory Board discussed the 2009 preliminary budget plan with the Board of Management. The new corporate responsibility strategy for 2010 onwards was discussed. The investor relations context was discussed.

In the December meeting, the Supervisory Board evaluated with the CEO the functioning of the Board of Management and its individual members. Subsequently, the Supervisory Board discussed in a private session the functioning of the CEO, its own functioning as supervisory board and that of its individual members, its profile, composition and competence and the functioning of its committees. This evaluation has been carried out based on elaborate self-assessment.

### Compliance

The Supervisory Board confirms that in 2009 no decisions were taken by the Supervisory Board that did not comply with its by-laws.

## Strategy

In June, July, November and December the Supervisory Board together with the Board of Management discussed the strategy for the period 2010- 2015. Customary for this process all strategic options open for the development of the group and its business were discussed.

As a result of the reflection of the various alternatives the Vision 2015 strategy was approved by the Supervisory Board in November and further implementation was discussed in the December meeting. Vision 2015 started with a review of TNT's position necessary due to the impact of the economic downturn and the persisting trends in Mail and Express visible throughout the period. The business challenges in Mail, among other factors the decline in volumes in Mail Netherlands, the negotiations for the collective labour agreement and the regulatory environment, and in Express, such as continuing price pressure, customers shift from air to road and the balance of short term investments versus long term profitability, necessitated a response unlocking upside potential and controlling downside risk in both divisions. Vision 2015 translates business challenges and opportunities into inter alia the establishment of five focus areas: European Parcels, Freight, Emerging Platforms, Special Delivery Services (SDS) and Mail Netherlands. Cost leadership will be at the basis through continuing cost optimisation, growth of volume through scale and density increase by sector focus. Customer focus will be retained through a portfolio of networks in Europe and emerging markets, customer solutions through Special Delivery Services, and an integrated sales and customer service approach.

The strategic and business context of TNT requires in the opinion of the Supervisory Board a transformation towards a more day definite delivery business rather than an abrupt and disruptive change of the portfolio. The Supervisory Board in this decision has taken a full view on all stakeholder positions in a balanced way.

## Risks

TNT's risk management process is described in chapter 7 and the principle key risks facing TNT's strategic, operational, legal and regulatory compliance and financial objectives going forward are outlined in chapter 20. The outcome of the risk management process, the principle key risks identified and the mitigation plans in place to manage these risks in the short to mid term are shared and discussed with the audit committee of the Supervisory Board and the Supervisory Board.

## Meetings of the committees of the Supervisory Board

### *Audit committee*

In 2009, the audit committee met six times. All meetings were attended by the CFO, the group director Internal Audit and the group director Financial Reporting Consolidation and Accounting. One meeting was attended by the CEO and five meetings were attended by the external auditor PricewaterhouseCoopers Accountants N.V. and by the group director Business Control.

The audit committee discussed with TNT's external auditor the full year 2008 and half-year 2009 management letters as well as TNT's 2008 annual results and the 2009 first quarter, half-year and third quarter results. It also reviewed press releases and compliance with TNT's Group Policy on Auditor Independence & Pre-Approval, as well as internal control over financial reporting. The reports of TNT's internal audit function were discussed each quarter. The audit committee further reviewed the TNT Reserves and Dividend Guidelines 2009 and proposals for the 2008 full year dividend and the 2009 interim dividend.

In February, the risk management process was reviewed. The external audit fee proposal for 2009 was approved. In July, the risk profile was shared and discussed. In October, the new role of the audit committee to advise on and monitor the integrity of the corporate responsibility reporting was discussed and agreed by the audit committee. In December, the audit committee reviewed the preliminary budget plan 2010 and internal audit plan 2010. The SUN project, which comprises key initiatives to optimise the fiscal, legal, accounting and treasury structure of the organisation and its subsidiaries, was discussed. The entering into of a €100 million revolving credit facility was discussed and approved. The potential impact of the economic downturn on TNT's financial position and on the position of the pension fund's coverage ratio was discussed during every meeting of the audit committee.

The financials behind Vision 2015 were discussed in detail, including the view on development of the business, continuation of the dividend policy, focus on cost savings, restraints on investments and strict management of working capital.

#### *Remuneration committee*

In 2009, the remuneration committee held six meetings. The remuneration committee is responsible for assessing and preparing the remuneration policy applicable to the members of the Board of Management. In the course of 2009, the remuneration committee reviewed the current Board of Management remuneration policy. The remuneration committee proposed a new remuneration policy which was supported by the Supervisory Board. Provided it will be approved by the annual general meeting of shareholders in April, the new remuneration policy will become effective in 2010.

See chapter 9 for further details on remuneration for the Board of Management and the Supervisory Board, including a further explanation of the remuneration policy and actual remuneration and the relation between remuneration and performance of members of the Board of Management for 2009.

#### *Nominations committee*

The nominations committee held four meetings in 2009. The Supervisory Board (re)appointments were discussed as well as the reappointment of Mr Koorstra to the Board of Management. The outside positions of the members of the Board of Management were discussed. Succession planning relating to the Supervisory Board for the years 2010 and 2011 were discussed as well as the composition of the committees

of the Supervisory Board. The profile of the Supervisory Board and the aspect of diversity in the composition of the Supervisory Board were discussed.

*Public affairs committee*

The public affairs committee met eight times in 2009. The committee discussed national and international postal regulatory developments, including the effects of the new Dutch postal law and the status and various related subjects of the liberalisation of the European postal market. The committee reviewed TNT's 2008 corporate responsibility report and the proposed new corporate responsibility strategy for 2010 onwards. The committee reviewed and discussed the cost saving initiatives for the Dutch mail operations (the Master Plans), health and safety issues (including fatalities) and Planet Me initiatives. The negotiations with the trade unions on the new collective labour agreement in the Netherlands were discussed as well as the collective labour agreement for the postal sector. Also specific Express issues, for example landing rights and regulatory framework within which Express operates in Europe, were included on the agenda of the committee. Discussed were the OPTA developments, the large company regime and the role of the public affairs committee in the monitoring of the integrity of the corporate responsibility reporting.

As of the financial year 2010 the information on (i) the composition and functioning of the Board of Management, (ii) the composition and functioning of the Supervisory Board and its committees, (iii) the functioning of the general meeting of shareholders and its key capacities and (iv) the rights of shareholders and how these rights can be exercised will be included in the corporate governance statement only.

Hoofddorp, the Netherlands, 22 February 2010

TNT N.V.