

# chapter 6 — corporate governance

2007 —  
Annual report

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## General

Pursuant to the Enabling Act as currently in force, TNT is subject to the full Dutch large company regime. Under these rules, TNT is required to adopt a two-tier system of corporate governance, comprising a board of management and an independent supervisory board.

In the two-tier corporate structure, the executive management is entrusted to the board of management under the supervision of an independent supervisory board. Both the supervisory board and the board of management are accountable to the general meeting of shareholders for the performance of their duties.

Under the full large company regime, members of the board of management are appointed and can be suspended or dismissed by the supervisory board. The decision of the supervisory board to dismiss a member of the board of management can only be taken after the general meeting of shareholders has been consulted on the intended dismissal. Further, under these rules certain resolutions of the board of management require the prior approval of the supervisory board.

## Board of Management

The Board of Management is responsible for TNT's mission, vision and strategy, its implementation as well as its overall results. At present, the Board of Management consists of four members: the CEO, the CFO and two group managing directors.

The group managing directors of each of TNT's divisions are responsible for the development and execution of the business strategy and operations of the division within the framework set by TNT's corporate strategy.

TNT's reporting structure is in line with the management structure of the two divisions, and its corporate legal structure has largely been brought in line with its reporting structure.

## Duties Board of Management

In performing its duties, the Board of Management acts in accordance with the interests of TNT and the business connected with it and, to that end, is 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's aim is to provide stakeholders with a clear view on corporate decisions and decision-making processes. TNT has a divisional structure across countries and regions. Value-based management provides TNT with an additional framework for forward-looking management of the company based on objective criteria. Day-to-day decisions in the divisions are decentralised within established standards, processes, requirements and guidelines, with management items at divisional, BU and unit level, securing optimal cross functionality.

TNT's Board of Management is responsible for complying with all relevant legislation and regulations, for managing the risks associated with TNT's activities, for its financing and for its external communication. 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 two committees to aid compliance with applicable corporate governance requirements: the disclosure committee and the ethics committee.

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 ethics committee is appointed by the Board of Management 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 thereof. The ethics committee oversees and coordinates investigations resulting from complaints via the Whistleblower Procedure and/or the Fraud Prevention Procedure, 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 on a half-yearly basis to the Supervisory Board.

The by-laws of the Board of Management and the terms of reference of both the disclosure committee and the ethics committee can be viewed on TNT's corporate website.

The Board of Management provides the Supervisory Board with the information necessary for the proper performance of its duties in a timely manner. 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 which is necessary for them to be able to function as a supervisory body of TNT. In its communication with the Supervisory Board the Board of Management seeks full transparency.

## Members of the Board of Management

### M.P. (Peter) Bakker (1961)

— Chief Executive Officer

Peter Bakker has been CEO since 1 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 TPG) from Koninklijke PTT Nederland N.V. until his appointment as CEO, he was chief financial officer and a member of TNT's Board of Management. Before joining TNT Post, Mr. Bakker worked for TS Seeds Holdings.

His portfolio includes corporate strategy, communication, general counsel, corporate social responsibility, human resources and internal audit. Mr. Bakker is due for re-appointment as member of the Board of Management and chairman of the Board of Management by the Supervisory Board in 2008 for another four year term.

Mr. Bakker is a member of the advisory board of World Press Photo and a member of the board of Foundation Moving the World. Further, he is a member of the AFM Capital Markets Committee and the chairman of the Dutch Committee on Labour Market Participation. Mr. Bakker was a member of the recently discontinued advisory board of ABN AMRO Bank N.V.

### C.H. (Henk) van Dalen (1952)

— Chief Financial Officer

Henk van Dalen has been CFO since 1 April 2006 and a member of the Board of Management since 20 April 2006. He started his career at DSM N.V. in 1976 where he held various human resource and general management positions at DSM Agro, DSM Research and DSM Polyethylenes. From 2000 until March 2006 Mr. Van Dalen was a member of the board of management and CFO of DSM N.V.

His portfolio includes financial reporting and accounting, risk management and internal control, mergers and acquisitions, business control, treasury, tax, investor relations, 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, Arthur D. Little Netherlands and NEVIR (*Nederlandse Vereniging voor Investor Relations*). He also is treasurer of the Netherlands Olympic Committee (NOC\*NSF).

### H.M. (Harry) Koorstra (1951)

— Group Managing Director Mail

Harry Koorstra has been Group Managing Director Mail and a member of the Board of Management since 1 July 2000. He joined 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 for 15 years at VNU N.V., most recently as general director of its Admedia/VNU Magazine Group.

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)

— Group Managing Director Express

Marie-Christine Lombard has been Group Managing Director Express and a member of the Board of Management since 1 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 TPG) as the managing director of the domestic Express business and from March 2001 until 1 January 2004 she was managing director of TNT's international Express business in France. Ms. Lombard is due for re-appointment as member of the Board of Management by the Supervisory Board in 2008 for another four year term.

Ms. Lombard is a member of the supervisory board of Royal Wessanen N.V.

The members of the Board of Management have no relevant outside board positions other than those reflected above.

## Supervisory Board

The Supervisory Board is charged with supervising the policies of the Board of Management and the general course of affairs of the company and the business connected with it, as well as assisting the Board of Management by providing advice. The Supervisory Board evaluates the main organisational structure and the control mechanisms established under the management of the Board of Management. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole. 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 and its affiliated businesses. 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.

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.

TNT's articles of association and the by-laws of the Supervisory Board can be viewed on TNT's corporate website.

## Members of the Supervisory Board

### J.H.M. (Jan) Hommen (1943)

Mr. Hommen has been chairman of the Supervisory Board since April 2005. He was appointed as a member of the Supervisory Board on 28 June 1998. His current term as member of the Supervisory Board expires in 2009. Mr. Hommen will not be available for re-appointment. He is chairman of the supervisory boards of ING Group N.V., Reed Elsevier N.V. and the Academic Hospital of Maastricht. He is a member of the supervisory board of Campina B.V. and chairman of the board of directors of TiasNimbas Business School of Tilburg University. Mr. Hommen was formerly vice-chairman of the board of management and chief financial officer of Royal Philips Electronics N.V. and executive vice-president and chief financial officer of the Aluminium Company of America (Alcoa). Until 3 May 2007 Mr. Hommen was a member of the supervisory board of Royal Ahold N.V. Mr. Hommen was appointed to act as chairman of the supervisory board of ING Group N.V. on 1 January 2008. As of 1 January 2008 Mr. Hommen has more than five board memberships. See also under Dutch corporate governance code in this chapter 6. This was approved by the Supervisory Board in view of the fact that Mr. Hommen is planning to step down as chairman of the Supervisory Board as soon as a suitable replacement for his position as chairman will be available. He will resign from the Supervisory Board at the annual general meeting of shareholders in 2009, when his third term will expire.

### R.J.N. (Robert) Abrahamsen (1938)

Mr. Abrahamsen was appointed as a member of the Supervisory Board on 9 May 2000. His current term expires in 2008. Mr. Abrahamsen will be available for re-appointment. Mr. Abrahamsen is chairman of the supervisory boards of Optimix Vermogensbeheer N.V. and Trans Link Systems. Mr. Abrahamsen is a member of the supervisory boards of Fluor Daniel B.V., PON Holdings B.V., Havenbedrijf Rotterdam B.V., ANP, Madurodam B.V., Royal BAM Group, Vitens N.V. and Bank Nederlandse Gemeenten. He is a former member of the management board and chief financial officer of KLM Royal Dutch Airlines N.V. and senior executive vice-president of ABN AMRO Bank N.V.

### R. (René) Dahan (1941)

Mr. Dahan was appointed as a member of the Supervisory Board on 1 April 2003. His current term expires in 2011. Mr. Dahan is chairman of the supervisory board of Royal Ahold N.V., a member of the supervisory board of AEGON N.V., a member of the international advisory board of the Instituto de Empresa Business School in Madrid and a member of the advisory board of the Guggenheim Group in New York. He was formerly executive vice-president and director of Exxon Mobil Corporation and held various positions with its subsidiaries.

### V. (Victor) Halberstadt (1939)

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 Goldman Sachs Group Inc., non-executive director of PA Holdings Ltd. and a non-executive director of RHJ International. Furthermore, he is a member of the supervisory board of Concertgebouw N.V. Mr. Halberstadt previously served amongst others 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. (Mary) Harris (1966)

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.

### G. (Giovanna) Kampouri Monnas (1955)

Ms. Kampouri Monnas was appointed as a member of the Supervisory Board on 7 April 2005. Her current term expires in 2009. Ms. Kampouri Monnas is a member of the supervisory board of Randstad Holding N.V. and member of the board of directors of Puig SL. Formerly, she was president of the international division and member of the executive committee of Johann Benckiser GmbH and held various positions at Procter & Gamble in Greece and the United States. Prior to this, Ms. Kampouri Monnas was urban development consultant for the Greek Ministry of Economic Affairs.

### R. (Roger) King (1940)

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 a standing committee member of the Chinese People's Consultative Conference of Zhejiang Provincial Committee and serves on various business and community committees. Mr. King is Adjunct Professor 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)

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 boards of ING Group N.V. and KLM Royal Dutch Airlines N.V. Mr. Kok was formerly Prime Minister of the Netherlands, Minister of Finance, member of parliament, and chairman of the Confederation of Dutch Trade Unions and the European Trade Union Confederation.

### S. (Shemaya) Levy (1947)

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

### R.W.H. (Rolf) Stomberg (1940)

Mr. Stomberg was appointed as a member of the Supervisory Board on 28 June 1998. His current term expires in 2010. Mr. Stomberg will step down in 2008 and will not be available for re-appointment. Mr. Stomberg is chairman of Management Consulting Group plc and a non-executive director of

Smith & Nephew plc, Reed Elsevier N.V., Reed Elsevier plc and Severstal. Mr. Stomberg is also chairman of the supervisory boards of Lanxess AG and Francotyp-Postalia AG, a member of the supervisory boards of Deutsche BP AG and Biesterfeld AG and chairman of the advisory board of Hoyer GmbH. Mr. Stomberg was formerly a managing director of British Petroleum Company plc, chairman of John Mowlem & Co. plc and chairman of Unipoly S.A, non-executive director of Cordiant Communications Group plc and member of the supervisory board of Scania AG.

## Expertise and composition of the Supervisory Board

The Supervisory Board consists of a minimum of seven and a maximum of twelve members. The Supervisory Board determines the number of members. At present, TNT's Supervisory Board has ten members.

The Supervisory Board has prepared a profile of its size and composition, taking account of the nature of TNT's business and activities and the desired expertise and background of the members of the Supervisory Board. The Supervisory Board evaluates the profile annually and discusses the profile with the general meeting of shareholders and TNT's central works council when any amendments to the profile are made.

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. TNT's articles of association also 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 re-appointments occur simultaneously. Both profile and rotation plan can be viewed on TNT's corporate website.

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

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

For a description of TNT's Supervisory Board's activities in 2007, see the report of the Supervisory Board in chapter 5.

## Chairman and corporate secretary

The chairman of TNT's Supervisory Board determines the agenda and presides over meetings of the Supervisory Board. The chairman is responsible for the proper functioning of TNT's Supervisory Board and its committees. Furthermore, the chairman arranges for the induction and training programme for the members of TNT's Supervisory Board and initiates the evaluation of the performance of the members of the Supervisory Board and the Board of Management.

The chairman of TNT's Supervisory Board may not be a former member of TNT's Board of Management.

TNT's Supervisory Board is assisted by TNT's corporate secretary. All members of the Supervisory Board have access

to the advice and services of the corporate secretary, who is responsible for ensuring that Supervisory Board procedures are followed and that the Supervisory Board acts in accordance with its statutory obligations under the articles of association. The corporate secretary is appointed and dismissed by the Board of Management, after the approval of the Supervisory Board has been obtained. The corporate secretary is assisted by a deputy corporate secretary.

At TNT, the corporate secretary has been appointed as secretary to the Board of Management and the Supervisory Board and as compliance officer for the purpose of the TNT Group Policy on Inside Information.

## Committees of the Supervisory Board

TNT's Supervisory Board has formed an audit committee, a remuneration committee, a nominations committee and a public affairs 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's corporate website.

### Audit committee

The audit committee is charged with assisting the Supervisory Board in advising on and monitoring, inter alia, the integrity of TNT's financial statements, system of internal business control and risk management, financing and finance related strategies and tax planning. The audit committee has the authority to retain independent advisors as it deems appropriate, and the company provides funding for advisors engaged by the audit committee.

The audit committee consists of at least three members. All members of the audit committee must be members of the Supervisory Board who are determined by the Supervisory Board to be independent within the meaning of its by-laws and the applicable corporate governance rules. A member of the audit committee may not simultaneously serve on the audit committees of more than two other companies unless the Supervisory Board determines that this simultaneous service would not impair the ability of such member to serve effectively on the audit committee. The audit committee and the remuneration committee may not consist of the same members.

Each member of the audit committee must be financially literate and at least one member of the audit committee must have accounting 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 Board of Management for adoption by the Supervisory Board. The remuneration committee also proposes a remuneration policy, including schemes under which rights on shares are granted, for members of the Board of Management and prepares a proposal for the remuneration of the individual members of the Supervisory Board, both for adoption by the general meeting of shareholders. Furthermore, the remuneration committee discusses the allocation of rights to shares in the company's capital to other senior management of the company.

### 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 Board of Management, to set up procedures to secure adequate succession of members of the Board of Management and the assessment of such candidates, and to make proposals for nominations, appointments and reappointments. At least annually the size and composition of the Supervisory Board and the Board of Management and the functioning of the individual members is assessed by the nominations committee.

### Public affairs committee

The public affairs committee is appointed by the Supervisory Board to act as a sounding board and advisory committee for the Board of Management with respect to formulating, developing, monitoring and reporting on (i) TNT's public affairs policy, governing the relationships between TNT and national and international (semi) public bodies, and (ii) TNT's social and environmental policies.

## Supervisory Board committees

Name	Nationality	Appointed	Term expires	Committee membership
J.H.M. Hommen	Dutch	June 1998	2009	Remunerations, Nominations (chair), Public Affairs
R.J.N. Abrahamsen	Dutch	May 2000	2008	Audit (chair), Nominations
R. Dahan	Dutch	April 2003	2011	Audit
V. Halberstadt	Dutch	June 1998	2010	Nominations, Public Affairs (chair)
M. Harris	British	April 2007	2011	Audit
G. Kampouri Monnas	Greek	April 2005	2009	Audit, Public Affairs
R. King	American	April 2006	2010	Remunerations
W. Kok	Dutch	April 2003	2011	Nominations, Public Affairs
S. Levy	French	April 2005	2009	Remunerations
R.W.H. Stomberg	German	June 1998	2010	Remunerations (chair)

## Conflicts of interest of Board members

The Supervisory Board is responsible for deciding how to resolve conflicts of interest between members of the Board of Management, members of the Supervisory Board and/or the external auditor on the one hand and the company on the other hand.

A member of the Board of Management or of the Supervisory 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 Board of Management (if it concerns a member of that board) on any conflict of interest or potential conflict of interest that may be of material significance to the company and/or to the relevant member, including information concerning the relevant member's spouse, registered partner or other life companion, foster child or relatives by blood or marriage up to the second degree. If the chairman of the Supervisory Board has a conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, he is required to report this immediately to the vice-chairman of the Supervisory Board and provide all relevant information, including information concerning his spouse, registered partner or other life companion, foster child or relatives by blood or marriage up to the second degree.

In the event of a conflict between TNT and a member of its Board of Management, the company will be represented by

another member of the Board of Management 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 Board of Management or a member of the Supervisory Board that is of material significance to the company or to the relevant member requires the approval of the Supervisory Board. No such transactions were entered into in 2007. Best practice provisions II.3.2 to II.3.4 and III.6.1 to III.6.3 inclusive of the Dutch corporate governance code have been complied with.

The by-laws of the Board of Management and the Supervisory Board also include a provision that a member of the Board of Management or of the Supervisory Board shall not take part in any discussion or decision making that involves a subject or transaction in relation to which such member has a conflict of interest with the company.

## Securities owned by Board members

The members of the Supervisory Board and Board of Management and TNT's other senior management are subject to the TNT Group Policy on Inside Information, which contains rules of conduct to prevent trading in TNT's financial instruments when holding inside information.

TNT's Supervisory Board has adopted a policy concerning the ownership of and transactions in securities other than TNT's financial instruments by members of the Board of Management and the Supervisory Board. This policy is incorporated in the by-laws of the Board of Management and the by-laws of the Supervisory Board and requires that each member of the Board of Management and Supervisory Board gives periodic notice, at least quarterly, to TNT's corporate secretary, acting as compliance officer, of any changes in his or her holding of securities in Dutch listed companies. A member of the Board of Management 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 number of ordinary shares held by members of the Board of Management as of 18 February 2008 is 81,609, amounting to approximately 0.022% of the outstanding share capital.

## Shareholders and their rights

### General meetings of shareholders

#### Frequency and venue

TNT is required to hold a 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 is also an item for the agenda of 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 in the following circumstances:

- if shareholders jointly representing at least 10% of the outstanding share capital make a written request to that effect to the Supervisory Board and the Board of Management, stating their proposed agenda in detail, or
- 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.

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 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.

#### 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 of Euronext Amsterdam.

### 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 on the applicable record date 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.

### Dividend rights

TNT pays dividends out of profits or by exception out of the distributable part of its shareholders' equity as shown in TNT's financial statements. TNT may not pay dividends if the payment would reduce shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch law or its articles of association. Subject to certain exceptions, if a loss is sustained in any year, TNT may not pay dividends for that year and TNT may not pay dividends in subsequent years until the loss has been compensated for out of subsequent years' profits.

Under TNT's current articles of association, if preference shares B have been issued, TNT has to pay dividends on the paid-up portion of the nominal value of the preference shares B. Payment is made at a rate of the average 12-monthly EURIBOR (EURO Interbank Offered Rate), weighted to reflect the number of days for which the payment is made, plus a premium to be determined by the Board of Management, subject to the approval of the Supervisory Board, of at least one percentage point and at most three percentage points.

The Board of Management then determines, subject to the approval of the Supervisory Board, which part of the remaining profits shall be appropriated to reserves. The profit that remains after appropriation is at the disposal of the general meeting of shareholders.

The Board of Management may pass a resolution that has been approved by the Supervisory Board that any dividend on ordinary shares be paid wholly or partly in TNT's ordinary shares rather than in cash.

The Board of Management may, with the prior approval of the Supervisory Board and subject to provisions of Dutch law, distribute one or more interim dividends.

No dividend shall be paid on shares held by TNT in its own capital. Such shares shall not be included for the computation of the profit distribution, unless the Board of Management resolves otherwise, which resolution is subject to the approval of the Supervisory Board.

Any change to TNT's guidelines on additions to reserves and on dividends (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend) shall be dealt with and explained as a separate agenda item at the annual general meeting of shareholders. The same rule applies to any resolution to determine and pay dividends. The TNT Reserves and Dividend Guidelines can be viewed on TNT's corporate website.

## 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. Except as described under "Foundation Protection TNT and preference shares B" below, TNT does not know of any arrangements the operation of which might, at a subsequent date, result in a change in its control.

On 26 July 2007, TNT received notification from the Netherlands Authority for the Financial Markets (AFM) that it had received disclosures of a substantial holding in the company by Morgan Stanley & Co International Plc. under the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*). This substantial holding in the company was subsequently step by step reduced to below 5% as of 9 August 2007. More information can be found on the website of the AFM under notifications substantial holdings.

The Financial Markets Supervision Act 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 AFM without delay which then notifies the company.

## Special share

From 29 September 2004 to 20 November 2006, the State of the Netherlands reduced its holding in the outstanding share capital of the company step by step from 34.8% to nil.

Until 17 November 2006, the State of the Netherlands held the one special share in the company. It gave the State of the Netherlands the right to approve decisions that would lead to fundamental changes in TNT's group structure. On 17 November 2006, the special share was transferred for free to TNT. As per that date, the special control rights attached to this share reverted to the company. The company agreed not to exercise the rights attached to the special share or sell the special share pending conversion of the special share into an ordinary share. On 20 April 2007 the annual general meeting of shareholders resolved to convert the special share into an ordinary share as part of an amendment to the articles of association. As a result, the special share ceased to exist on 27 April 2007.

## Articles of association, share acquisition, reduction and increase of issued share capital

### Amendments to the articles of association

Amendments to TNT's articles of association can take place on 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 or announced subsequently by publication in a nationally distributed daily newspaper and in the Official Price List of Euronext Amsterdam, 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.

### Ability of the company to acquire its own shares

In order to execute share buy-back programmes as described in chapter 9, TNT must be allowed to acquire its own shares. Under Dutch law and 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, which resolution is 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 of no more than 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.

On 20 April 2007, the annual general meeting of shareholders extended the then-current authority of the Board of Management for another period of eighteen months to end on 20 October 2008.

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.

#### 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 only 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.

#### 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.

On 20 April 2007, 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 20 October 2008. 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 authority of the Board of Management to issue preference shares B was not extended and has meanwhile lapsed. See also below under "Foundation Protection TNT and preference shares B".

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. Holders of American Depository 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.

## Auditor

TNT's external auditor, PricewaterhouseCoopers Accountants N.V., is appointed by TNT's general meeting of shareholders. TNT's audit committee has the sole authority, subject to confirmation by the Supervisory Board, to recommend to the general meeting of shareholders the appointment or replacement of the external auditor. The audit committee is directly responsible for the compensation and oversight of 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) for the purpose of preparing or issuing an audit report or related work. The audit committee is required to pre-approve all auditing and audit related services, and permitted non-audit services (including the fees and terms thereof) to be provided by the external auditor. The audit committee pre-approved all services performed in 2007, except for some services in the aggregate amount of around 1% of the total amount paid to the external auditor.

Conflicts of interest and potential conflicts of interest between the external auditor and TNT are resolved in accordance with the terms of reference of the audit committee and in particular the annex thereto: the "TNT Group Policy on Auditor Independence & Pre-Approval", which can be viewed on TNT's corporate website.

At times TNT uses its external auditor to provide services in cases where these services do not conflict with the external auditor's independence. The TNT Group Policy on Auditor Independence & Pre-Approval governs how and when TNT may engage its external auditor.

The audit committee grants year-long general pre-approval for certain routine services and specific pre-approval for additional services or budget allocations. 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 and whether the external auditor is best suited to perform the services effectively and efficiently. 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. The audit committee requires a formal written statement from the external auditor describing all relationships between the external auditor and TNT. In principle, the lead (signing) partner and the concurring (review) partner of the external auditor are rotated after a maximum period of five years.

The audit committee and the Board of Management are required once every three years 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 last assessment was held in 2007. The main conclusions of this assessment were communicated to the 2007 annual general meeting of shareholders.

TNT's internal auditor function, corporate audit services, operates under the responsibility of the Board of Management and is subject to monitoring by the Supervisory Board, assisted by the audit committee. The Board of Management is required to ensure that the external auditor and the audit committee are involved in drawing up the tasks of the internal audit function.

The independent external auditor is required to attend the meetings of the Supervisory Board at which the financial statements and the audit report of the external auditor with respect thereto are discussed.

See note 21 to the consolidated financial statements for the fees paid to PricewaterhouseCoopers Accountants N.V. and the distribution of the fees between audit related services and non-audit services.

## Dutch corporate governance code

TNT applies the principles and best practice provisions of the Dutch corporate governance code, taking into account the recommendations of the Frijns Committee, except for the following best practice provisions and recommendations below that are not fully applied:

- provision II.2.7 Dutch corporate governance code and recommendation 23 of the Frijns Committee: maximum remuneration in the event of dismissal of members of the Board of Management. See chapter 7 under Remuneration in 2007.
  - For the contractual severance payments (other than related to a change in control) 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.
  - In case of a change in control, the members of the Board of Management are entitled to a severance payment consisting of the sum of the last annual base salary and pension contribution plus the average bonus received over the last three years multiplied by two. 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 in control situation. Also, the Supervisory Board may decide that the performance shares vest in whole or in part.
- provision III.3.4 Dutch corporate governance code: maximum number of Supervisory Board positions held by members of the Supervisory Board with Dutch listed companies until 3 May 2007 and as of 1 January 2008. See this chapter under Members of the Supervisory Board.
- recommendations 25 and 26 of the Frijns Committee: the relation between performance targets and remuneration should be made visible ex ante and ex post. The performance targets should be definite, quantified and

specific. TNT discloses the nature of the performance targets but not the actual targets. TNT has opted to use performance targets aligning the remuneration of the Board of Management with the business performance. As a result the targets are so specific that they contain competition-sensitive information. See chapter 7 under Remuneration in 2007.

In the chapter sections referred to above, TNT explains why it deviates from these best practice provisions and recommendations. Material future (corporate) developments might justify further deviances 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, [group.tnt.com](http://group.tnt.com). Since its delisting from the New York Stock Exchange on 18 June 2007 and its deregistration with the United States Securities and Exchange Commission effective 16 September 2007, TNT is no longer subject to the corporate governance rules of this exchange nor to the provisions of the Sarbanes-Oxley Act.

## Foundation Protection TNT and preference shares B

Stichting Bescherming TNT (Foundation Protection TNT or the Foundation) was formed to care for TNT's interests, the enterprises connected with TNT and all interested parties, such as shareholders and employees, by, among other things, preventing as much as possible influences which would threaten TNT's continuity, independence and identity contrary to such interests. The Foundation is an independent legal entity and is not owned or controlled by any other legal person.

TNT's articles of association provide for protective preference shares B that can be issued to the Foundation to serve these interests. The preference shares B have a nominal value of €0.48 and have the same voting rights as TNT's ordinary shares. There are currently no preference shares B issued, although the Foundation has a call option to acquire a number of preference shares B not exceeding the total issued amount of shares minus one and minus any shares already issued to the Foundation.

The exercise price with respect to the call option is the nominal value of €0.48 per preference share B, although upon exercise only €0.12 per preference share B is required to be paid. The additional €0.36 per preference share B is due at such time as TNT makes a call for payment by resolution of its Board of Management, which resolution is subject to the approval of the Supervisory Board. The Foundation has a credit facility in place to enable it to pay the exercise price.

TNT and the Foundation have entered into the call option agreement to prevent, delay or complicate unsolicited influence of shareholders, including an unsolicited take-over or concentration of power. The issue of preference shares B enables TNT to consider its position in the then-existing circumstances. The preference shares B will be outstanding no longer than strictly necessary. Once the reason for the

placing of the preference shares B no longer exists, TNT shall propose to the general meeting of shareholders to cancel the preference shares B entirely as a class.

After six months have expired since the acquisition of preference shares B, the Foundation may require TNT to convene a general meeting of shareholders to discuss cancellation of the preference shares B. However, should the Foundation within this period of six months receive a demand for repayment under the credit facility referred to above, it may also require TNT to convene said meeting. In accordance with TNT's current articles of association a general meeting of shareholders shall be convened by TNT ultimately twelve months after the first date of issuance of any preference shares B to the Foundation for the first time. The agenda for that meeting shall include a resolution relating to the repurchase or cancellation of the preference shares B.

At the annual general meeting of shareholders held on 20 April 2007, the shareholders rejected the proposal to extend the then-current authority of the Board of Management to issue preference shares B for another period of eighteen months. This authority enabled the Board of Management to initiate a placement of preference shares B with the Foundation following the put option agreement. As from 20 October 2007 the Board of Management was no longer entitled to initiate such placement. After careful consideration, it was agreed by TNT and the Foundation to terminate the put option agreement as of 15 February 2008.

TNT has granted to the Foundation the right to file an application for an inquiry into the policy and conduct of business of TNT with the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer*). TNT believes that this may be a useful option in the period before the issuance of preference

shares B, without causing a dilution of the rights of other shareholders at that stage.

The members of the board of the Foundation are J. den Hoed (chairman), R. Pieterse, J.H.M. Lindenberg, W. van Vonno and M.P. Nieuwe Weme. All members of the Board of the Foundation are independent from TNT. 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 Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*).

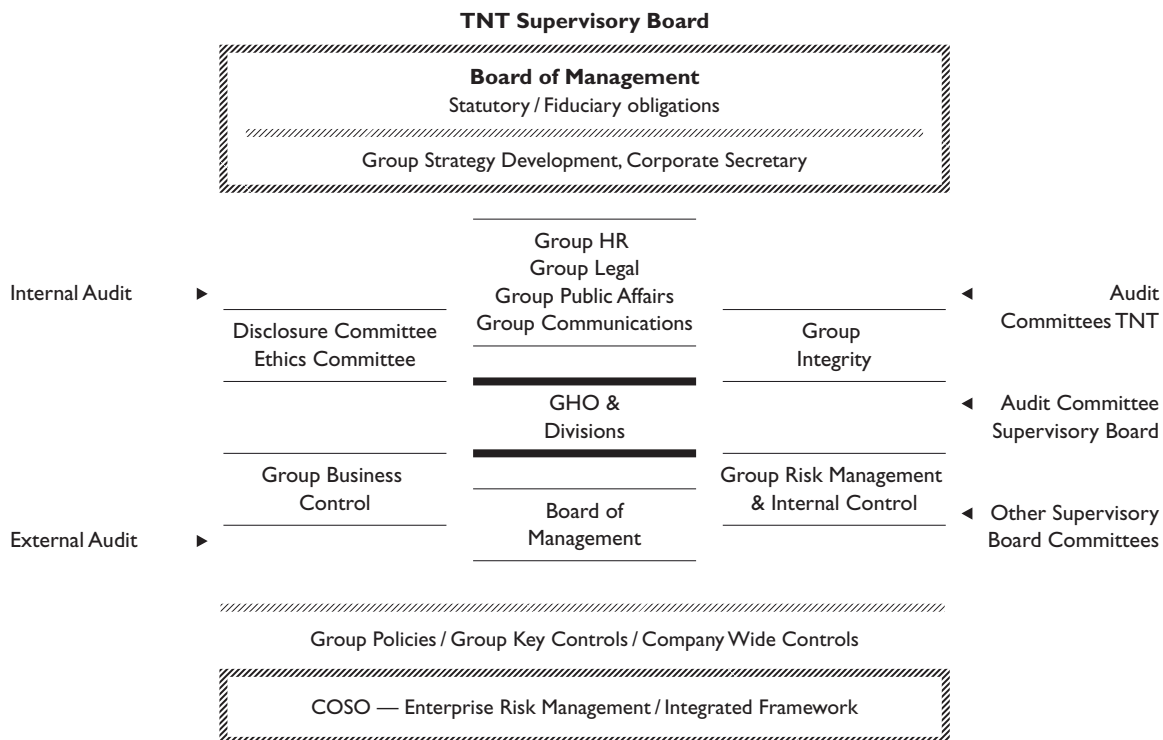
## Controls and procedures

### Risk Management, Internal Control, Integrity and Compliance Systems

This section provides an overview of TNT's approach to risk management, internal control, integrity and compliance in achieving its strategic objectives. The nature and, where possible, the extent of TNT's exposure to risks is described in chapter II. TNT recognises five categories of risks, namely strategic risks, operational risks, legal and regulatory risks, financial risks, and financial reporting risks.

#### The TNT approach to Risk Management, Internal Control, Integrity and Compliance

The management of risks, internal control, integrity and compliance forms an integral part of the business management within TNT and has been significantly strengthened and embedded into TNT's business objectives setting processes and its operations. A pictorial and narrative description of TNT's risk management and control framework and its structure is provided below.



The framework shows that the Board of Management is supported in developing and achieving its strategic, operational and financial objectives by group and division functions in the areas of risk management, control, integrity, reporting, tax, treasury, legal and corporate secretary, HR, public affairs and communications. These supporting functions are responsible for ensuring that the legal and regulatory compliance objectives are achieved. The Board of Management and their related group and division functions have ensured that the framework is established primarily around eight business cycles of group policies, procedures and internal controls covering revenue, procurement, HR, financial reporting, treasury, tax, legal and compliance, and information systems. Independent and internal monitoring and oversight functions provide a second and third line of control and assurance in addition to that provided by the line functions.

In 2003 TNT adopted the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management – Integrated Framework as the foundation of its risk management and control system. Built upon this framework is a comprehensive portfolio of group policies and key controls which direct and instil discipline in the company's business operations. The Board of Management has created a group wide structure to support the development and implementation of these policies and controls, thus facilitating the discharge of statutory and fiduciary obligations. The Supervisory Board, its audit committee and other committees perform an oversight role, whilst the TNT internal audit function and the company's external auditors support the Board of Management and the Supervisory Board in monitoring the risk management, internal control, integrity and compliance framework.

### Risk Management

Risk-taking is an intrinsic component of doing business. A structured and transparent risk management process facilitates management to manage and prepare for risks in an informed, controlled and transparent manner. TNT's enterprise-wide risk management systems are therefore designed to identify significant strategic, operational, legal and compliance, financial, and financial reporting risks facing the group in the pursuit of its Focus on Networks strategy outlined in chapter 2.

Since the implementation of the TNT Group Policy on Risk Management in 2003, continuous progress has been made to identify risks at all levels of the organisation and to develop mitigating actions. For those risks deemed to be material, comprehensive mitigating action plans are developed and reviewed regularly by the Board of Management. All operational units worldwide participate in an annual comprehensive risk identification process, the outcome of which is reported to the relevant divisional group and functional management. In addition, regular status reports of risk mitigating actions are provided to the Board of Management to further strengthen the company's risk management processes. In 2007, TNT invested in a dedicated electronic system to transparently manage its risk portfolio and to improve risk reporting across TNT. The outcome of the risk management process is shared and discussed with the audit committee of the Supervisory Board and the Supervisory Board.

The risks currently facing TNT's strategic, operational, legal and regulatory compliance and financial objectives are outlined in chapter 11. Risks have been classified by risk

category and further classified into specific risks and inherent risks facing the group. Specific risks are risks that the Board of Management believes could negatively impact TNT's short to medium term objectives, whilst inherent risks are those risks that are constantly present in the business environment but which are considered sufficiently material to require disclosure and management.

### Internal Control over Financial Reporting

In March 2007, TNT filed with the US Securities and Exchange Commission its Annual Report on Form 20-F for the year end 31 December 2006. At that time, based on its prior assessment, TNT confirmed that its internal control over financial reporting was adequate and effective as of 31 December 2006 based on section 404 of the Sarbanes-Oxley Act of 2002. TNT's external auditors concurred with TNT's conclusion through their auditor's report 2006 as included in chapter 12 on pages 103-104 in the 2006 TNT Annual Report on Form 20-F, where it is stated that management's assessment that TNT maintained effective internal control over financial reporting as of 31 December 2006 is fairly stated in all material respects.

On 18 June 2007, TNT delisted its American Depositary Receipts ("ADRs") from the New York Stock Exchange and filed Form 15-F to deregister and terminate its reporting obligations with the US Securities and Exchange Commission. Deregistration was completed 90 days later on 16 September 2007.

TNT's Board of Management remains committed to continuing to provide a high standard of corporate governance, information and disclosure after deregistration from the US Securities and Exchange Commission, 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 from the Sarbanes-Oxley Act continue to form part of TNT's approach to governance, internal control and reporting because the Board of Management fully believes that this approach and investment will continue to support sustainable value creation for the group.

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 US 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 attestation by TNT's external auditor.

Throughout 2007, TNT continued to invest considerable time and resources documenting and testing the operational effectiveness of the company's internal control over financial reporting. TNT has also refined its system of entity level controls which are applicable to all entities worldwide. This latter system includes an integrity awareness and training programme, enhanced and more robust group policies and procedures and company wide internal control awareness training which complement TNT's risk management, internal control, integrity and compliance systems and processes.

## Integrity

TNT's Integrity Programme consists of four parts: guidance, awareness and compliance, embedding and monitoring.

Guidance is set out in the TNT Business Principles which have been formally adopted and approved by the Board of Management and Supervisory Board. The TNT Business Principles, together with other integrity-related group policies and procedures are published on the company's corporate website. These group policies deal with topics such as compliance with laws and regulations, accurate and timely disclosure, transparency, equal opportunities, fair treatment, conflict of interest, corruption, fair competition and social responsibility. Among TNT's integrity-related group policies and procedures are the TNT Group Policy on Whistleblowing and the TNT Group Policy on Disciplinary Actions. The latter policy makes clear that non-compliance with TNT's group policies will not be tolerated.

Awareness and compliance are enhanced by communication and web-based and interactive training. Interactive integrity workshops have been held for senior and higher management in all parts of the world. Senior managers, on the basis of the "train the trainer" principle, thereafter cascade this training and communication down into their organisations, thus fulfilling their responsibility for the roll-out of the Integrity Programme.

The TNT Business Principles and related group policies are being embedded in TNT's strategic and operational decision processes. For example, an integrity due diligence procedure is becoming part of TNT's mergers and acquisitions process, and new employees of TNT are required to certify their acknowledgement and understanding of the TNT Business Principles when they enter employment.

The TNT Integrity Programme is monitored in several ways: (i) senior management sign-off in a Letter of Representation every half year, (ii) internal audits and (iii) yearly engagement surveys. The TNT Integrity Programme is part of the entity level controls, and compliance is self-assessed annually by management.

## General Compliance

The TNT Business Principles and other group policies and procedures define "the tone at the top" with regard to ethical behaviour and TNT's way of doing business. Group policies have been reviewed and where necessary revised to strengthen existing controls. The Board of Management will continue to focus on this area in the coming year to ensure that there are effective and efficient group policies as the foundation of TNT's risk management, internal control, integrity and compliance systems.

Strategies have been established for the group and translated into clear objectives, amongst others, with regard to business, markets, financial results, human resources and sustainability. The objectives are reviewed in the annual strategic review and the budget process for the group and at the level of TNT's operational units. Performance and compliance are monitored regularly in discussions between the appropriate management and the Board of Management, through the Letter of Representation (signed by all managing and finance directors of TNT's group entities, and divisional and group level employees that report directly to the Board of Management), by internal audits carried out by the

Corporate Audit Services function, and by the monitoring duties of TNT's divisional audit committees.

## Management Summary

The Dutch corporate governance code under section II.1.4 requires the Board of Management to examine strategic, operational, legal and regulatory, financial, and financial reporting risks.

The Board of Management confirms that it is responsible for TNT's risk management, internal control, integrity and compliance systems and has reviewed the operational effectiveness of these systems for the year ended 31 December 2007. The outcome of this review and analysis has been shared with the audit committee and the Supervisory Board and has been discussed with TNT's external auditors.

The Board of Management believes to the best of its knowledge based on the outcome of the TNT-specific approach to internal control over financial reporting, as outlined above, that TNT's risk management and internal control over financial reporting risks have worked effectively over the year ended 31 December 2007 and declares that there are no indications that they will not continue to do so in the coming year. The Board of Management also confirms with reasonable assurance that financial reporting is free from material inaccuracies or misstatement. The Financial Statements fairly represent the financial condition and results of operations of the company and provide the required disclosures.

The above however does not imply that TNT can provide certainty as to the realisation of business and financial strategic objectives, nor can TNT's approach to internal control over financial reporting be expected to prevent or detect all misstatements, errors, fraud or violation of law or regulations.

In view of the above, the Board of Management believes that it is in compliance with the requirements of II.1.4 of the Dutch corporate governance code taking into account the recommendations of the Frijns Committee.