TNT Express

Annual Report 2013

express

INTRODUCTION

This is the annual report of TNT Express N.V. for the financial year ended 31 December 2013, prepared in accordance with Dutch regulations. The preceding annual report of TNT Express for the financial year 2012, was issued on 18 February 2013.

Unless otherwise specified or the context so requires, 'TNT Express', the 'company', 'it' and 'its' refer to TNT Express N.V. and all its group companies as defined in article 24b, Book 2 of the Dutch Civil Code.

TNT Express is domiciled in the Netherlands, which is one of the Member States of the European Union (EU) that has adopted the euro as its currency. Accordingly, TNT Express has adopted the euro as its reporting currency. In this annual report the euro is also referred to as '€'.

As required by EU regulation, the consolidated financial statements of TNT Express N.V. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

PricewaterhouseCoopers Accountants N.V. has been appointed as the external independent auditor of the financial statements of TNT Express.

TNT Express has engaged PricewaterhouseCoopers Accountants N.V. to provide reasonable assurance on certain metrics and limited assurance on other metrics of corporate responsibility (CR). This assurance work is performed in accordance with the Assurance Standard 3410N 'Assurance Engagements Relating to Sustainability Reports' as drawn up by the professional body of Dutch Accountants (Royal NBA).

Audit work focuses on obtaining reasonable assurance, substantiated by sufficient supporting evidence. Limited assurance (obtained through review work) does not require exhaustive gathering of evidence and therefore provides a lower level of assurance than audit work. Refer to chapter 5 for a full description of the scope of the reported CR data and the assurance obtained.

Enquiries related to this annual report may be addressed to Investor Relations and Corporate Communications to the attention of Mr Andrew Beh (andrew.beh@tnt.com).

AT A GLANCE

Financial[1,2]

Revenue	
2012	7,023
2013	6,693
Operating income	
2012	158
2013	48
Adjusted operating income (non-GAAP)[4]	
2012	264
2013	230
Profit/(loss) for the period	
2012	(84)
2013	(122)
Net cash from operating activities	
2012	359
2013	397
Capital expenditures	
2012	(139)
2013	(130)
Net cash	
01 January 2013	139
31 December 2013	472

Corporate responsibility[3]

Lost-time accidents per 100 FTE	
2012	2.88
2013	2.69
Fatal accidents[5]	
2012	0
2013	1
Employee engagement	
2012	71%
2013	67%
Absenteeism	
2012	3.3%
2013	3.4%
Customer satisfaction	
2012	87%
2013	87%
CO_2 emissions (own operations: Scope 1 and 2) (ktonnes)	
2012	1,046
2013	1,078
Euro 4, 5 and 6 trucks and vans in EU countries	
2012	73%
2013	82%

[1]For comparative purposes 2012 numbers have been restated to reflect the impact of IAS 19R.

[2]Excluding Brazil Domestic (asset held for sale) and including China Domestic.

[3]Including Brazil Domestic (asset held for sale) and excluding China Domestic, 2012 numbers have been restated accordingly.

[4]Refer to page 6 for more information on the calculation of the non-GAAP measures.

[5] Workplace fatal accidents and roadtraffic blameworthy fatal accidents (own).

Note: refer to chapter 3 for measurement descriptions and to chapter 5 for assurance scope.
(in € millions)

Segment information

	Europe Main	Europe Other & Americas	Pacific	AMEA	Unallocated	Total
Revenue						
2012	3,392	1,177	727	1,191	536	7,023
2013	3,259	1,186	646	1,061	541	6,693
Adjusted operating income (non-GAAP)						
2012	202	50	28	(4)	(12)	264
2013	150	69	12	22	(23)	230
Employees						
01 January 2013	24,368	10,500	4,568	15,880	5,851	61,167
31 December 2013	23,325	10,231	4,338	9,529	5,712	53,135

(in € millions)

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CAUTIONARY NOTE WITH REGARD TO "FORWARD-LOOKING STATEMENTS"

Some statements in this annual report are "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of TNT Express' control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which TNT Express operates and TNT Express management's beliefs and assumptions about future events.

You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this annual report and are neither predictions nor guarantees of future events or circumstances. TNT Express does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Except where you are a shareholder, the material in this report is provided for information purposes only and is not, in particular, intended to confer any legal rights on you.

CHAPTER 1 OVERVIEW 2013 AND STRATEGY

I. LETTER TO STAKEHOLDERS

Dear Stakeholders,

It is my pleasure as new CEO of TNT Express to present the 2013 results. Back in January 2013, the termination of the intended merger with UPS reset TNT Express to pursue its standalone strategy. Against a challenging economic background, we launched *Deliver!,* our company-wide improvement programme. The programme had four priorities: reshape our portfolio; focus on distinctive service propositions; execute better; and invest in infrastructure and IT.

Deliver! has already produced results. We succeeded in achieving considerable indirect cost savings and improvements in our local operations. We updated our before 12:00 pm premium delivery coverage in more than 900 European locations and announced the expansion of our intercontinental express freight capabilities in 10 additional countries outside of Europe. We also sold the Hoau domestic business in China. *Deliver!* is gaining momentum and will contribute to our performance.

While 2013 saw a slight improvement of our road safety and environmental performance, we refined our corporate responsibility strategy, and adopted plans and targets to achieve further improvement in these areas.

Trading conditions in the express delivery market remained demanding and TNT Express' business performance was under pressure. Within the Europe Main and Pacific segments, the challenging economic climate adversely impacted our results. However, our business strengthened in Europe Other & Americas and AMEA, and the Brazil Domestic turnaround gained pace. Overall, adjusted operating income decreased from €264 million to €230 million, which is not satisfactory.

Against this backdrop, we have reassessed the company's strengths and weaknesses and identified the main business opportunities and challenges. From this, we have drawn a number of important conclusions.

First: TNT Express needs to have an absolute focus on the business areas in Europe in which it has a distinctive position and can generate profitable growth. This means accelerating investments in our European road network, which is already unique. It also means focusing on our already large SME customer segment and developing our position in those industries that best match our operations: industrial, automotive, high-tech and healthcare.

Second: Our service performance and productivity need to improve. While our service to customers is certainly competitive, our processes are not sufficiently optimised end-to-end. We aim to realise the 'perfect transaction' to benefit even better service levels and lower costs. Productivity can also be improved, in a large part through better use of technology.

Third: Our current organisational structure is not aligned to the distinct requirements of our domestic and international businesses. We will therefore 'organise to win' by introducing a new organisation structure that separates the main domestic activities from the integrated international express activities in Europe and Asia, Middle East & Africa.

Initiatives to address these challenges have been launched under the banner of a multi-year strategy, *Outlook*, which will integrate *Deliver!*. *Outlook* will be further developed in the coming period. We are confident *Outlook* will fully support the realisation of financial and other stakeholder objectives.

We are committed to securing an even more solid position for our company. I would like to thank our customers for their ongoing confidence in our services and all TNT Express employees for their support in achieving this ambition and their continued hard work.

Kind regards,

T. Gunning

Tex Gunning

Chief Executive Officer of TNT Express N.V.

II. REPORT OF THE EXECUTIVE BOARD

- Revenue decline: 4.7%
- Adjusted revenue decline: 1.9%
- Reported loss for the period attributable to the equity holders of the parent: €(122) million
- Total dividend: €0.046 per share
- Net cash: €472 million
- Reported operating income: €48 million
- Adjusted operating income: €230 million
- Net cash from operating activities[1]: €397 million

FINANCIAL HIGHLIGHTS[2]

Financial highlights	Reported			Adjusted (non-GAAP)		
Year ended at 31 December	2013	variance %	2012	2013	variance %	2012
Total revenues	6,693	(4.7)	7,023	6,890	(1.9)	7,023
Other income	208		(12)			
Operating income	48		158	230	(12.9)	264
as % of total operating revenues	0.7	(68.1)	2.2	3.3		3.8
Net financial expense	(24)	20.0	(30)			
Income taxes	(134)	(30.1)	(103)			
Results from investments in associates	17		(8)			
Profit for the period from continuing operations	(93)		17			
Profit from discontinued operations	(29)	71.3	(101)			
Profit/(loss) for the period	(122)		(84)			
Attributable to:						
Non-controlling interests	0		2			
Equity holders of the parent	(122)		(86)			
Cash generated from operations[1]	514	15.2	446			
Net cash from operating activities[1]	397	10.6	359			
Net cash used in investing activities[1]	(40)	50.6	(81)			
Net debt/(cash)	(472)		(139)			

[1]Related to continuing operations.
(in € millions, except percentages)

CONTINUED PRESSURE ON PROFITABILITY IN EUROPE MAIN & PACIFIC, IMPROVED PROFITABILITY IN EUROPE OTHER & AMERICAS AND AMEA

In 2013, TNT Express experienced a 4.7% decrease in the Group's reported revenues and a €110 million decline in reported operating income. The decrease in reported revenue is significantly influenced by negative foreign exchange movements of €197 million (-2.8%). The negative impact of foreign exchange on the reported operating income was €18 million. In addition, reported operating income absorbed net one-off losses of €164 million (2012: 106).

After adjustment of one-offs and foreign exchange differences, adjusted revenue declined by 1.9%, while adjusted operating income declined by €34 million compared to 2012.

In Europe Main, the demanding trading environment already experienced in 2012, continued to affect TNT Express' results, with particular pressure in Italy. Despite positive volume growth, adjusted revenue declined, as a result of price pressure and lower weight per consignment.

Europe Other & Americas benefited from a better trading environment than Europe Main, and consequently adjusted revenues increased. Growth in the customer segments targeted by the company was healthy and yield management was successful. This, combined with strong cost control, led to improved adjusted operating income.

In Pacific, adjusted revenues declined as a result of economic slowdown, especially in the commodities sector. While consignment growth was positive (6.8% more average consignments per day), weight per

[1] Related to continuing operations.
[2] Adjusted revenue and adjusted operating income are calculated as revenue and operating income after adjusting for one-offs and foreign exchange differences and are prepared by management to analyse the results, excluding non-recurring items for a better understanding of the business performance. The presentation and disclosure of adjusted revenue and adjusted operating income do not conform to IFRS.

consignment dropped significantly, negatively affecting revenues and profitability. Results were also affected by high wage and other cost inflation.

In Asia, Middle East and Africa, adjusted revenues declined as a result of weaker export volumes from China to Europe and lower export volumes to Europe from large accounts. Revenues were also lower because of actions taken to rationalise the customer and business portfolio and the sale of China Domestic as of 1 November 2013. Cost management, however, supported profitability, and operating results in nearly all units were ahead of 2012.

In Brazil Domestic, the turnaround continued apace, with a considerable reduction in losses.

Continued focus on working capital and relatively low levels of investments, coupled with one-off benefits (the UPS termination fee, proceeds from the sale of China Domestic and Logispring's divestments of shares in Apriso and Datatrac) ensured a positive cash flow before financing and dividends. At the end of 2013, net cash improved to €472 million (2012: 139). With available cash and cash equivalents of €700 million and an undrawn committed facility of €570 million, TNT Express' financial position is sound, as reflected in its credit ratings of BBB+ (Stable) by S&P and Baa2 (Negative) by Moody's.

TNT Express proposes to compensate the loss out of the distributable part of the shareholders' equity and to pay a pro forma final dividend relating to the full year 2013 adjusted results of €0.024 per share, out of the distributable part of the shareholders' equity, to be received in stock or cash. The €0.022 per share interim dividend, together with the proposed final dividend, (€0.046 per share in total), represents a 2013 payout of 40% of normalised net income.

UPS OFFER

On 19 March 2012, United Parcel Service, Inc. (UPS) and TNT Express reached an agreement on a recommended all-cash offer by UPS of €9.50 per ordinary share for TNT Express. In the process of obtaining approval from the European Commission, the intended merger was prohibited by the European Commission on 30 January 2013 due to competition concerns. Following the termination, UPS paid a €200 million termination fee to TNT Express.

DELIVER!

On 25 March 2013, TNT Express launched the *Deliver!* improvement programme.

Deliver! was built around four priorities:
- Reshape TNT Express' portfolio
- Focus on TNT Express' distinctive service proposition
- Execute better
- Invest in infrastructure and IT

Collectively, the latest *Deliver!* forecast is for €240 million annual improvements by 2015. The programme is supported by capital expenditure of €175 million and restructuring costs of €200 million. Implementation of the programme will require transition one-offs of around €50 million.

During 2013, the first important milestones for overhead and operational improvement projects were achieved, resulting in €35 million of savings by year-end. *Deliver!* led to roughly 1,500 redundancies in 2013, which is regretful but unavoidable. In total, over 4,000 positions are expected to be affected by 2015.

China Domestic

In line with the priorities of the *Deliver!* improvement programme, on 28 March 2013 TNT Express announced the sale of its domestic road operations in China (Hoau) to private equity funds under the management of CITIC PE. Consequently, on 1 November 2013 TNT Express announced the completion of the sale. Subject to finalisation of the completion accounts, the transaction result will be around nil and the proceeds around €80 million. In 2013, €61 million was received.

Brazil Domestic

On 30 January 2014, TNT Express announced that it had terminated discussions with potential bidders for the disposal of Brazil Domestic, as it was unable to realise a transaction on acceptable terms. As of 2014, Brazil Domestic will no longer be reported as a discontinued operation. The activities will be managed as a separate business unit within TNT Express.

REVIEW OVER THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The following analyses provide more detail on TNT Express' financial results and should be read in conjunction with the rest of the annual report.

Total operating revenues

In 2013, total reported operating revenues decreased by €330 million to €6,693 million. Most currencies in countries in which TNT Express operates outside the eurozone weakened against the euro. The net impact of foreign exchange differences was €197 million negative. The negative foreign exchange impact affected all segments and was most significant in Pacific.

Adjusted revenues declined by 1.9% to €6,890 million. Adjusted revenues in Europe Main declined by 2.7% to €3,301 million as a result of significant price pressure, shedding of loss-making customers in Italy and the discontinuation of a major fashion contract in the United Kingdom. In Europe Other & Americas, adjusted revenues increased by 3.3% to €1,216 million, mainly due to improved yields. As a result of price pressure and significantly lower weight per consignment, adjusted revenues in Pacific declined by 0.4% to €724 million. In AMEA, adjusted revenue declined by 7.0% to €1,108 million, mainly due to lower export volumes from China to Europe and the sale of China Domestic.

Other income/(loss)

Other income in 2013 included the receipt of the UPS termination fee of €200 million, €4 million relating to the settlement of a claim, the reversal of the 2012 fair value adjustment related to two Boeing 747 freighters of €17 million (2012: -17) and miscellaneous items of €2 million, partly offset by a fair value adjustment of €15 million (2012: 0) relating to China Domestic.

Operating expenses

Total reported operating expenses remained stable at €6,853 million (2012: 6,853). When adjusted for one-offs (€370 million) and foreign exchange differences (€-180 million), the adjusted operating expenses were €6,663 million. Adjusted operating expenses decreased €101 million compared to 2012 (€6,764 million).

Operating expenses

Year ended at 31 December	2013	variance %	2012
Cost of materials	419	(4.8)	440
Work contracted out and other external expenses	3,597	(3.3)	3,719
Salaries and social security contributions	2,174	(0.2)	2,178
Other operating expenses	230	(2.1)	235
Operating expenses excluding depreciation, amortisation and impairments	6,420	(2.3)	6,572
Depreciation, amortisation and impairments	433		281
Total operating expenses	6,853		6,853

(in € millions, except percentages)

Cost of materials

Cost of materials decreased by €21 million mainly due to lower fuel expenses, changes in the business portfolio (China and India Domestic) and a positive impact from foreign exchange differences.

Work contracted out and other external expenses

Work contracted out and other external expenses include fees paid for subcontractors, external temporary staff, rent and leases. These costs decreased by €122 million (3.3%) compared to 2012. Favourable foreign exchange differences of €94 million and changes in the business portfolio contributed to the decline. More significantly, cost saving initiatives compensated for inflation and the cost of handling increased volumes.

Salaries and social security contributions

Salaries and social security contributions decreased by €4 million to €2,174 million (0.2%) in 2013 compared to 2012. The increase in salary costs from annual salary inflation, pension and restructuring costs was more than offset by the reduction in headcount from restructuring activities, favourable foreign exchange differences and changes in the business portfolio. Average FTEs decreased from 61,358 in 2012 to 58,225 in 2013.

In 2013, salary costs included €90 million in restructuring costs related to the *Deliver!* improvement programme. Pension costs in 2013 of €68 million were higher than in 2012 (€65 million), mainly due to a lower discount rate of 3.9% (2012: 4.9%), leading to higher obligations.

Other operating expenses
Other operating expenses consisted of government legal fees, marketing, consulting, shared service costs and auditors' fees. Other operating expenses decreased by €5 million (2.1%) in 2013 compared to 2012, due to ongoing cost control on external spend.

Total operating expenses excluding depreciation, amortisation and impairments, decreased by €152 million (2.3%) to €6,420 million (2012: 6,572).

Total depreciation, amortisation and impairment costs
Total depreciation, amortisation and impairment costs increased by €152 million (54.1%) due to €163 million higher impairment charges. This was partly offset by the reversal of the impairment taken in 2011 of €39 million related to the two Boeing 747 freighters, following the decision to reclassify the freighters to property, plant and equipment.

In 2012, impairments were taken on assets held for disposal in China Domestic (€75 million) and a liquidated domestic entity in India (€19 million). Refer to chapter 5 for more information.

Boeing 747 freighters
The Boeing 747 freighter market is in an unprecedented imbalance of supply and demand. At the end of the year, after careful consideration of market data and potential disposal opportunities, management decided to retain the aircraft. Consequently, the two Boeing 747 freighters have been reclassified from assets held for disposal at 31 December 2013 to property, plant and equipment.

The previous impairment and fair value adjustments of €94 million were reversed and depreciation was restored. In 2013, a depreciation charge of €12 million was recorded, while a catch-up depreciation charge of €12 million was recorded in 2012. Refer to chapter 5 for more information.

Adjusted operating income for the financial years ended 31 December 2013 and 2012
Total reported operating income was €48 million in 2013. TNT Express calculates an adjusted operating income by adjusting for one-offs and foreign exchange differences. These figures were prepared by management to analyse the results excluding non-recurring items for a better understanding of the business performance. The presentation and disclosure of the adjusted operating income is not in conformity with IFRS and is unaudited.

The adjusted operating income should not be considered in isolation or as a substitute for analysis of TNT Express' operating results, including its consolidated income statement and consolidated statement of cash flow, as reported under IFRS.

The following table sets out the unaudited adjusted operating income per segment for the financial years ended 31 December 2013 and 2012.

Adjusted operating income

Year ended at 31 December	Reported 2013	One-offs	Adjusted 2013	Foreign exchange	Adjusted 2013 (at constant rates)	Adjusted 2012	One-offs	Reported 2012
Europe Main	(169)	314	145	5	150	202	(2)	204
Europe Other & Americas	61	2	63	6	69	50	(2)	52
Pacific	4	6	10	2	12	28		28
AMEA	47	(30)	17	5	22	(4)	103	(107)
Unallocated	105	(128)	(23)		(23)	(12)	7	(19)
Operating income	48	164	212	18	230	264	106	158

(in € millions)

Significant contributors to TNT Express' 2013 and 2012 performance include miscellaneous one-offs, which are discussed below.

The adjusted 2013 figures include €12 million depreciation related to the Boeing 747 freighters, which have been reclassified from assets held for disposal to property, plant and equipment.

In 2013, one-offs per reportable segment included:

Europe Main: €314 million
- €238 million goodwill impairment (Benelux: €2 million; France: €159 million; and the United Kingdom: €77 million)
- €73 million restructuring costs (Benelux: €15 million; Germany: €35 million; Italy: €20 million; and the United Kingdom: €3 million)

- €2 million catch-up depreciation of the two Boeing 747 freighters
- €1 million property, plant and equipment impairment

Europe Other & Americas: €2 million
- €-4 million claim settlement
- €4 million restructuring costs
- €2 million catch-up depreciation of the two Boeing 747 freighters

Pacific: €6 million related to restructuring within the Australian business unit

AMEA: €-30 million
- €15 million value adjustment for China Domestic classified as asset held for disposal
- €3 million restructuring costs
- €-56 million reversal of impairments and fair value adjustments of the two Boeing 747 freighters
- €8 million catch-up depreciation of the two Boeing 747 freighters

Unallocated: €-128 million
- €-200 million UPS termination fee
- €9 million restructuring costs
- €58 million goodwill impairment in Other Networks
- €5 million UPS offer-related costs

The adjusted 2012 figures have been restated and include €12 million depreciation related to the Boeing 747 freighters, which have been reclassified from assets held for disposal to property, plant and equipment.

In 2012, one-offs per reportable segment included:

Europe Main: €-2 million catch-up depreciation of the two Boeing 747 freighters.

Europe Other & Americas: €-2 million catch-up depreciation of the two Boeing 747 freighters.

AMEA: €103 million
- €94 million goodwill impairment (€75 million in China Domestic and €19 million in India Domestic)
- €17 million fair value adjustment related to the two Boeing 747 freighters
- €-8 million catch-up depreciation of the two Boeing 747 freighters

Unallocated: €7 million
- €1 million software impairment charge
- €6 million UPS offer-related costs

Net financial expense

Year ended at 31 December	2013	variance %	2012
Interest and similar income	12	(20.0)	15
Interest and similar expenses	(36)	20.0	(45)
Net financial expense	(24)	20.0	(30)

(in € millions, except percentages)

Net financial expense results mainly from long-term borrowings (primarily financial leases) and net interest expenses on foreign currency hedges. The expenses are only partially offset by interest income on cash positions. While centralised cash on deposits are significant, they only generated a marginal interest due to the current low interest rates in the market.

Net financial expense decreased by €6 million, mainly due to a €1 million decline in fair value hedges and net foreign exchange losses, and €4 million lower interest on foreign currency hedges. The decrease in interest on foreign currency hedges was caused by lower interest rate differentials between currencies in foreign exchange forward contracts and increased usage of natural hedge positions within the TNT Express Group.

Income taxes			
Year ended at 31 December	2013	variance %	2012
Current tax expense/(income)	129	89.7	68
Deferred tax expense/(income)	5	(85.7)	35
Total income taxes	134	30.1	103
(in € millions, except percentages)			

In 2013, the tax expense amounted to €134 million (2012: 103) on income before taxes of €41 million (2012: 120), and resulted in an effective tax rate of 326.8% (2012: 85.8%).

The current tax expense was €129 million compared to €68 million in 2012, and includes €50 million in taxes on the UPS termination fee. The difference between the total income taxes in the income statement and the current tax expense is due to temporary differences. These temporary differences are recognised as deferred tax assets or deferred tax liabilities. Refer to chapter 5 for more information.

Results from investments in associates

At 31 December 2013, investments in associates were valued at €1 million (2012: 10), mainly related to investments made by Logispring Investment Fund Holding B.V. (whose sole activity is to invest in start-up companies) and TNT Europe Finance B.V. The portfolio of start-up companies was allocated to TNT Express as part of the demerger of TNT N.V.

In July 2013, Logispring sold its 14.3% equity interest in Apriso. The cash proceeds to TNT Express were €25 million and the book value amounted to €9 million. The profit of €16 million was recorded as a result from investments in associates. In 2013, the investment in Datatrac was sold for an amount of €2 million. The book value amounted to nil. The profit of €2 million was recorded as a result from investments in associates. In 2012, the disposal of €2 million related to the unwinding and divestment of Logispring investments.

Condensed consolidated cash flow statement			
Year ended at 31 December	2013	variance %	2012
Cash flows from continuing operations			
Cash generated from operations	514	15.2	446
Interest paid	(35)	14.6	(41)
Income taxes paid	(82)	(78.3)	(46)
Net cash from/(used in) operating activities	397	10.6	359
Net cash from other investing activities	(3)		37
Net cash from acquisitions and disposals	88		2
Net cash used in capital investments and disposals	(125)	(4.2)	(120)
Net cash from/(used in) investing activities	(40)	50.6	(81)
Net cash used in dividends and other changes in equity	(43)	57.0	(100)
Net cash used in debt financing activities	(10)	61.5	(26)
Net cash from/(used in) financing activities	(53)	57.9	(126)
Change in cash from continuing operations	304		152
Cash flows from discontinued operations			
Net cash from/(used in) operating activities	(28)	68.2	(88)
Net cash from/(used in) investing activities	5		(3)
Net cash from/(used in) financing activities	23	(74.4)	90
Change in cash from discontinued operations	0		(1)
Changes in cash and cash equivalents	304		151
(in € millions, except percentages)			

Net cash from operating activities

In 2013, cash generated from operations increased by €68 million to €514 million. Net cash from operating activities increased by €38 million to €397 million, mainly due to the receipt of the UPS termination fee of €200 million offset by a decrease in adjusted operating income of €34 million, higher income taxes paid of €36 million, a deterioration in cash flow from working capital of €-52 million and miscellaneous items of €40 million.

Trade working capital, calculated as trade accounts receivable minus trade accounts payable as a percentage of revenue, improved from 7.9% in 2012 (restated) to 7.5% in 2013.

Net cash used in investing activities

Net cash used in investing activities decreased to €40 million. Investments were relatively low in both 2012 and 2013 as major projects were put on hold in light of the intended merger with UPS. A significant part of the investments initiated after the termination of the merger discussions will only materialise in 2014. Furthermore, the investments were offset by the proceeds from the sale of China Domestic previously classified as held for disposal (€61 million) and the proceeds from Logispring's divestments of shares in Apriso and Datatrac (€27 million).

Capital expenditure on intangible assets and property, plant and equipment

Net capital expenditure

Year ended at 31 December	2013	variance %	2012
Property, plant and equipment	105	(9.5)	116
Intangible assets	25	8.7	23
Cash out	130	(6.5)	139
Proceeds from sale of property, plant and equipment	5	(73.7)	19
Disposals of intangible assets	0	0.0	0
Cash in	5	(73.7)	19
Total net capital expenditure	125	4.2	120

(in € millions, except percentages)

Capital expenditure on intangible assets and property, plant and equipment totalled €130 million (2012: 139). Capital expenditure on property, plant and equipment mainly related to vehicles, IT equipment and depot equipment. The capital expenditures on intangible assets mainly related to software licence and software development costs.

Net capital expenditure by segment

Year ended at 31 December	2013	variance %	2012
Europe Main	51	13.3	45
Europe Other & Americas	13	0.0	13
Pacific	10	42.9	7
AMEA	(1)	(104.8)	21
Unallocated	52	52.9	34
Total net capital expenditure	125	4.2	120

(in € millions, except percentages)

Net capital expenditure amounted to 1.9% of reported revenues (2012: 1.7%).

Proceeds from sale of property, plant and equipment

Proceeds from the sale of property, plant and equipment in 2013 amounted to €5 million (2012: 19), which is mainly related to the sale of vehicles and depot equipment.

Net cash used in financing activities

In 2013, net cash used in financing activities of €53 million, decreased by €73 million compared with 2012. This is mainly due to a decrease in financing discontinued operations, partly offset by the payment of a final 2012 dividend and an interim 2013 dividend.

In 2012, net cash used in financing activities of €126 million, mostly pertained to the total net repayments on long-term borrowings, local bank debt, short-term borrowings, repayments of finance leases and discontinued operations.

Net cash

On 31 December 2013, net cash was €472 million. Limited cash used in investing activities, receipt of the UPS termination fee, disposal of China Domestic, Logispring's sale of its investment in Apriso and continued focus on working capital contributed to this year-end position. The net cash position as per 1 January 2013 was €139 million.

Borrowings

On 16 March 2011, TNT Finance B.V., a fully-owned subsidiary of TNT Express, entered into a five-year €570 million syndicated revolving credit facility with its relationship banks. The facility includes a €285 million credit line that allows for instant financing of redemptions under a commercial paper programme. The facility bears interest at the applicable interbank rate plus a margin depending on TNT Express' credit rating. The facility does not contain financial covenants and cannot be accelerated in case of a rating downgrade, but does contain a change of control clause and other common market practice clauses.

On 6 December 2006, TNT Airways N.V./S.A., an indirectly wholly-owned subsidiary of TNT Express, entered into agreements for the lease of two Boeing 747 freighters, which are guaranteed by TNT

Express. The outstanding debts at 31 December 2013 under these finance leases with maturities of December 2016 and May 2017 were US$97 million and US$102 million, respectively.

The annual amortisation included in the lease term is around US$14 million per year. The leases bear interest at the six-month interbank dollar-rate plus a credit charge, which depends on TNT Express' credit rating. The finance leases do not include financial covenants and cannot be accelerated in case of a rating downgrade, but do contain a change of control clause and other common market practice clauses. The floating interest payments in the lease are fixed via interest rate swaps for the remaining life of the leases.

Cash flow - Brazil Domestic

Cash flows - Brazil Domestic

Year ended at 31 December	2013	2012
Net cash from/(used in) operating activities	(28)	(88)
Net cash from/(used in) investing activities	5	(3)
Net cash from/(used in) financing activities	23	90
Total changes in cash	0	(1)

(in € millions)

In Brazil Domestic, net cash used in operating activities of €-28 million was a significant improvement compared with 2012 (€-88 million), as the turnaround materialised.

Dividend proposal

The Executive Board of TNT Express has decided, with the approval of the Supervisory Board, to propose to compensate the loss out of the distributable part of the shareholders' equity and to pay a pro forma dividend out of the distributable part of the shareholders' equity. The proposed final dividend is €0.024 per share. The €0.022 per share interim dividend together with the proposed final dividend, (€0.046 per share in total), represents a payout of 40% of normalised net income ('profit attributable to equity holders of the parent' adjusted for significant one-off and exceptional items) over the full year 2013, in line with the dividend guidelines. The final dividend is payable, at the shareholder's election, either wholly in ordinary shares or wholly in cash. The election period is from 11 April 2014 to 5 May 2014, inclusive.

To the extent that the final dividend is paid in shares, it will be paid free of withholding tax and it will be sourced from the additional paid-in capital that is recognised for Dutch dividend withholding tax purposes. The cash dividend will be paid out of the remaining additional paid-in capital. The ratio of the value of the stock dividend to that of the cash dividend will be determined on 5 May 2014, after the close of trading on Euronext Amsterdam, based on the volume-weighted average price ('VWAP') of all TNT Express shares traded on Euronext Amsterdam over a three trading day period from 30 April 2014 to 5 May 2014, inclusive. The value of the stock dividend, based on this VWAP, will, subject to rounding, be targeted at but not lower than 3% above the cash dividend. There will be no trading in the stock dividend rights.

The ex-dividend date will be 11 April 2014, the record date 15 April 2014 and the dividend will be payable as of 12 May 2014.

III. EXECUTIVE BOARD COMPLIANCE STATEMENT

The 2013 annual report of TNT Express N.V. has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and additional Dutch disclosure requirements for annual reports.

The Executive Board is responsible for establishing and maintaining adequate internal control over TNT Express' financial reporting. Consequently, the Executive Board has implemented a wide range of complementary processes and procedures designed to provide control over the company's operations. TNT Express has embedded the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) – Integrated Framework (2004) as the foundation of its risk management, internal control, integrity and compliance framework. TNT Express' policies and key controls that direct business and reporting processes are built upon this framework. A dedicated organisation supports the development and implementation of these policies and controls. These processes and procedures facilitate the discharge of statutory and fiduciary obligations.

The Supervisory Board, the Audit Committee and other designated committees perform an oversight role. TNT Express' internal audit, risk management, internal control and integrity functions, together with the external auditors, support the Executive Board and the Supervisory Board in monitoring the effectiveness and efficiency of the risk management, internal control, integrity and compliance framework.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER DUTCH CORPORATE GOVERNANCE CODE

The Executive Board confirms that in addition to adequately functioning internal controls, it is responsible for TNT Express' risk management, integrity and compliance systems and has reviewed the operational effectiveness of all these systems for the year ended 31 December 2013. The outcome of this review and analysis has been shared with the Audit Committee and the Supervisory Board and has been discussed with TNT Express' external auditors.

TNT Express' risk management, internal control, integrity and compliance framework is aimed at providing a reasonable level of assurance over the identification and management of those significant risks facing TNT Express and ensuring that the Executive Board meets its operational and financial objectives in compliance with applicable laws and regulations. Refer to chapter 4 for a detailed description of the risk management, internal control over finance reporting and other compliance processes.

The Executive Board believes to the best of its knowledge based on the outcome of TNT Express' specific approach to risk management, internal control, integrity and compliance, that TNT Express' risk management and internal control over financial reporting have worked effectively over the year ended 31 December 2013 and provide a reasonable assurance that the financial reporting is free from material inaccuracies or misstatements.

The above does not imply that TNT Express can provide certainty as to the realisation of business and financial strategic objectives, nor can TNT Express' 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 Executive Board believes that it is in compliance with best practice provisions II.1.4 and II.1.5 of the Dutch Corporate Governance Code.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER DUTCH FINANCIAL MARKETS SUPERVISION ACT

The Executive Board confirms to the best of its knowledge that:

- the 2013 financial statements for the year ended 31 December 2013 give a true and fair view of the assets, liabilities, financial position and profit and loss of TNT Express N.V. and its consolidated companies;
- the additional management information disclosed in the 2013 annual report gives a true and fair view of TNT Express N.V. and its related companies at 31 December 2013 and the state of affairs during the financial year to which the report relates; and
- the 2013 annual report describes the main risks facing TNT Express N.V. These are described in detail in chapter 4.

Hoofddorp, 18 February 2014

Tex Gunning	Bernard Bot
Chief Executive Officer	Chief Financial Officer

IV. STRATEGY

CONTEXT

TNT Express is a global provider of express and related transportation services[3]. Over time, the company has developed its road, air and local networks to match expanding customer needs. TNT Express holds key positions across Europe, the Middle East and Asia Pacific – all inter-connected by regional and intercontinental networks.

In 2011, TNT Express became an independent company following its demerger from TNT N.V., currently PostNL N.V. On 19 March 2012, UPS and TNT Express jointly announced they had reached agreement on the main terms and conditions of an offer by UPS for TNT Express. Following a protracted merger approval process with the European Commission (EC), the EC announced its prohibition of the merger on 30 January 2013.

In March 2013, TNT Express initiated a company-wide improvement programme, *Deliver!*. The programme aimed to secure TNT Express' performance as a standalone company and comprised four priorities: reshape the company's portfolio; focus on distinctive service propositions; execute better; and invest in infrastructure and IT. Considerable progress has been achieved. In 2013, €35 million of the targeted €240 million improvements have been realised.

OUTLOOK

While implementing *Deliver!*, TNT Express has further analysed the company's strengths, weaknesses and market opportunities. This process was led by the new CEO, Mr Gunning, and was overseen by the Supervisory Board.

The result is *Outlook*, which will integrate with the priorities of *Deliver!*. *Outlook* targets substantial improvements in performance to meet TNT Express' stakeholders' needs:
- Competitive products and services, delivered perfectly at competitive prices for *customers*
- A secure and meaningful future for *employees*
- Improving results and solid return on investment for *shareholders*

Outlook builds on TNT Express' strengths, particularly the European road network and the company's large base of small and medium-sized enterprise (SME) customers. At the same time, *Outlook* acknowledges improvement potential in many areas and the need for a clearer line of sight on the distinct domestic and international businesses.

Outlook has three priorities:

- Focus on profitable growth
  Outlook will sharpen the focus on TNT Express' truly competitive services and on those customers for whom the company can provide the greatest value. This will be done by expanding the European road network to move more by road, by increasing the contribution from four priority industries (industrial, automotive, high-tech and healthcare) and by serving more SMEs even better. Separate attention will be given to the profitability of TNT Express' domestic operations in France, Italy, the United Kingdom, Brazil and the Pacific, with the implementation of specific strategies tailored to each individual domestic market.

- Invest in performance
  Realising the 'Perfect Transaction' is at the core of the company's drive to improve end-to-end processes and to realise a step-change in service and reliability. The aim is to be the 'fastest and most reliable' and to provide an easy, hassle-free customer experience. Increased service reliability will also reduce avoidable costs. Alongside the 'Perfect Transaction', the company will optimise operational efficiency and productivity through process improvements and investments in automation and infrastructure. Transforming the IT function and expanding the scope of global business service centres will help drive productivity. A disciplined revenue management function will be developed, to optimise pricing and capacity use. Finally, regarding corporate responsibility, priority will be given to staff and subcontractor health and safety, with the accelerated roll-out of recognised industry best practices.

[3] Refer to chapter 2 for TNT Express' business profile.

- Organise to win
  The company will adjust its organisation in the second half of 2014, subject to applicable consultation procedures with employee representative bodies. One management team will lead the integrated international express activities across Europe ('International Europe'). The other international activities will be managed by a separate leadership team, International Asia, Middle East and Africa ('International AMEA'). The domestic businesses in France, Italy, the United Kingdom and the entities in Brazil, Chile and Pacific will be managed within a separate cluster, 'Domestics'. The new structure will facilitate greater focus and accountability. In addition to these organisational changes, the company will work to strengthen the performance and leadership culture of management and staff.

Implementation plans supporting *Outlook* will require further development over the coming period and will be presented in the second half of 2014. This will allow development of specific customer, employee and financial targets:
- Realise leading customer 'Orange Experience Score'
- Secure strong employee engagement
- Continuously improve the financial performance of the company

FINANCIAL STRATEGY

TNT Express' financial strategy targets optimal and sustainable performance of the following aspects:
- Asset efficiency
- Capital structure
- Dividend policy
- Risk management

Asset efficiency
TNT Express secures asset efficiency through stringent investment and working capital policies. A rigorous process is in place to maintain capital expenditure at around 2% to 3% of turnover, with higher outlays linked to major investments. Cash and liquidity are centrally managed (centralised funding and surplus cash concentration) and supported by working capital initiatives to ensure that trade working capital is minimised.

Capital structure
TNT Express aims to optimise the cost of capital while preserving the company's financial stability and flexibility. Internal and external funding is structured to optimise the cost of capital, within long-term sustainable targets. The strength of TNT Express' capital structure is also relevant to customers who rely on a long-term strategic service. TNT Express has set an investment grade target rating of BBB+ by S&P and Baa1 by Moody's. These credit ratings account for off-balance sheet liabilities, not just net debt, to give a more representative view of the company's level of leverage. The company is currently rated BBB+ (Stable) by S&P and Baa2 (Negative) by Moody's. Liquidity is ensured through the availability of at least €400 million to €500 million in undrawn committed facilities.

Dividend policy
TNT Express aims to meet shareholders' return requirements in the short term through dividends and ad hoc, through tax-exempt share repurchases or other returns of excess cash. TNT Express' intention is to pay a dividend that develops in line with the development of its operational performance. TNT Express intends to pay a dividend of around 40% of normalised net income. Normalised net income is defined as profit attributable to equity holders of the parent adjusted for significant one-offs and exceptional items. TNT Express aims to pay interim and final dividends annually in cash and/or in stock. Furthermore, cash and/or stock may be offered as part of an optional dividend.

Risk management
TNT Express is exposed to market risks (interest, currency and commodity risks), which are partly hedged through a combination of primary and derivative financial instruments (swaps, forward transactions and cross-currency swaps) and contractual terms (fuel surcharge). Operational risks are covered through business continuity planning and a comprehensive insurance policy, which includes a mix of self insurance, reinsurance and direct external insurance.

TNT Express operates integrated risk management systems of which the scope includes:
- internal control and compliance (refer to chapter 4);
- financial risk management and risk insurance structures (refer to chapter 5); and
- an aligned legal and funding structure.

CORPORATE RESPONSIBILITY STRATEGY

Corporate responsibility (CR) is an integral part of TNT Express' business strategy and is embedded in its business and operational activities. Given TNT Express' business and operational profile, health and safety and the environment are given priority on TNT Express' strategic CR agenda. Stakeholder dialogue is used to help develop and improve the CR strategy and activities. Where possible, collaboration with customers and other parts of the supply chain is pursued to increase the impact. TNT Express is encouraging the continuous development and engagement of its people through various programmes and actions. Refer to chapter 3 for more information on TNT Express' CR framework, KPIs and targets.

2014 GUIDANCE

- Trading conditions remain volatile and uncertain; risk of continued negative foreign exchange impact
- Assuming an improving external environment:
  - Combined Europe Main and Europe Other & Americas operating results to show positive development
  - Combined Asia, Middle East & Africa and Pacific results expected to be stable
  - Brazil Domestic to continue to improve - as of the first quarter of 2014, Brazil Domestic will no longer be reported as a discontinued operation
  - Unallocated around €(25) million
- Business as usual, capital expenditure (excluding *Deliver!* investments) up to around 3% of revenues.

Other

- As of 1 January 2014, application of IFRS 11, '*Joint Arrangements'* (equity method instead of proportionate consolidation). If applied in 2013, reported net sales and operating income would be €86 million and €7 million lower, respectively. Profit attributable to shareholders constant.
- Impact *Outlook* in the second half of 2014 - reporting segments to change with related alignment of guidance.

2015 AMBITIONS

- Assuming normal economic conditions in Europe, ambition for Europe Main and Europe Other & Americas combined to achieve an adjusted operating income margin of around 8% and sales growth of around 2% per year (CAGR).
- All other reportable segments to contribute increasingly to profitability.
- Other indicators:
  - €240 million annual improvements from *Deliver!* by the year 2015, to be integrated in *Outlook*
  - Unallocated around €(25) million
  - Effective tax rate (ETR) around 30%
  - Capital expenditure of around 2% to 3% of revenues (excluding additional strategic investments)
  - Trade working capital of around 8% of revenues

CHAPTER 2 BUSINESS PERFORMANCE

I. GENERAL MARKET AND BUSINESS PROFILE

MARKET OVERVIEW

TNT Express operates in the Courier, Express and Parcel (CEP) market and collects, transports and delivers documents, parcels and palletised freight on a day-definite or time-definite basis. Its services are primarily classified by the speed, distance, weight and size of consignments. Whereas the majority of its shipments are between businesses (B2B), TNT Express also offers business-to-consumer (B2C) services to select key customers.

Within the CEP market, TNT Express provides Express and Economy Express products. The Express services are day-definite and delivered next-day or fastest-by-air for distances for which next-day is not possible. The Economy Express services are also day-definite and are delivered fastest-by-road, except for intercontinental deliveries which depend on air. For both Express and Economy Express products TNT Express has time-definite options for customers requiring delivery before a certain time (e.g. 12:00 pm). TNT Express also provides specialised or extremely urgent deliveries which include products such as same-day, value-added and non-standard freight services. Geographically, TNT Express differentiates between domestic, intra-regional and intercontinental shipments. It also differentiates between parcels and freight, with a cut-off point at 30 kilogrammes per consignment.

There are two types of express players: global integrators – so called due to their worldwide integrated networks and door-to-door delivery capability – and local/regional express operators. Four global integrators – DHL Express, FedEx, UPS and TNT Express – have the largest share of the intra-regional and intercontinental segments. Local/regional operators are often well positioned in their respective domestic or regional markets. As for the European economy parcels market, which is mainly domestic, larger competitors are DPD, a subsidiary of France’s La Poste’s GeoPost, and General Logistics Systems, a Royal Mail-owned parcel delivery group.

Competition in the express market focuses on network coverage, speed, reliability, quality of customer service and price. New entrants into the express market may come from the parcel and freight sectors, where companies might improve their range of services by including day-definite products.

MARKET DYNAMICS

The CEP market, in particular the express business, is highly cyclical. An important development over the last two decades has been the emergence of end-to-end global supply chains, which is strengthening the relationship between express delivery and trade flows. Due to the close relationship between trade flows and economic development, a strong correlation exists between the development of the express delivery industry and real GDP (Gross Domestic Product) development. The growth of the global economy remained weak in 2013.

Other key factors that affect TNT Express’ performance are:
- Demand for Express and Economy Express
- Customer mix
- E-commerce
- Base price and surcharges
- Wage and input-cost inflation
- Fuel prices
- Operational efficiency and productivity

TNT EXPRESS’ BUSINESS PROFILE

Originally, founded in 1946 and headquartered in Hoofddorp, the Netherlands, TNT Express employs approximately 53,100 people worldwide. With own operations in 61 countries, TNT Express picks up and delivers documents, parcels and palletised freight through its operations, subcontractors and agents which are connected by road and air networks. The road networks are operated in Europe, the Middle East, Asia, Australia and South America. TNT Express’ European road network, which is unique, connects more than 40 countries through 19 road hubs and over 550 depots. Its international air network has a central air hub in Liège, Belgium, and a fleet of 50 aircraft connecting 71 airports globally. In addition, TNT Express utilises acquired capacity on commercial airlines to destinations worldwide, allowing for service to more than 200 countries.

TNT Express' customers range from multinationals to small enterprises and are concentrated in the industrial, automotive, high-tech and healthcare industries. Small and medium-sized enterprises (SME) are an important part of TNT Express' customer base. These customers have broadly distributed geographic (domestic, intra-Europe and intercontinental) and service demand. TNT Express' sector-specific value propositions and products, born from meeting the needs of larger customers, are also marketed to SMEs alongside more standardised products.

With more than two-thirds of its revenues generated in Europe, TNT Express has a robust position in the domestic and intra-European express market. TNT Express' market share in both markets is estimated to have remained approximately the same as in 2012.

EXTERNAL RECOGNITION

In March 2013, TNT Express Germany won the "Logistics Industry" award as part of the cross-sector ranking "Germany's most customer-oriented service provider" and was also awarded the platinum label "Club of the Best" at the Service Champions 2013 contest. The ranking "Germany's most customer-oriented service provider" was organised by the financial newspaper Handelsblatt, St. Gallen University's Institute for Leadership and Human Resource Management, and the rating agency ServiceRating.

In April 2013, TNT Express Middle East won the "Middle East Express Logistics Provider of the Year" award at the annual Supply Chain and Transport Awards (SCATA). As the award winner, TNT Express demonstrated exceptional performance in the field of express logistics.

In September 2013, TNT Express received the 2013 "Road Supplier of the Year" award from CEVA, one of the world's leading supply chain management companies. Created in 2011, the Global Supplier Awards are designed to recognise best practice and excellence among CEVA's supplier base worldwide.

In October 2013, TNT Express received the 2013 "Excellence in Service Logistics" award from Cisco for exceeding Cisco's customer expectations for on-time service parts delivery, service supply chain innovation and collaboration within the Cisco service ecosystem.

In November 2013, TNT Express was recognised as "Express Operator of the Year" at the 2013 Global Freight Awards, organised in association with international logistics and freight publisher, Lloyd's Loading List, and judged by a panel of industry experts.

II. OVERVIEW

Until the second quarter of 2013, TNT Express managed its businesses through five reportable segments: Europe & MEA (Europe, Middle East and Africa), Asia Pacific, Brazil Domestic, Other Americas and Other Networks. As part of the *Deliver!* improvement programme, a new management structure was implemented, which led to a change in reportable segments: Europe Main, Europe Other & Americas, Pacific, AMEA (Asia, Middle East and Africa) and Unallocated.

The Unallocated segment consists of Other Networks (TNT Innight and TNT Fashion activities outside the United Kingdom), Central Networks, ICS (Information Communication Services) and the TNT Express Head Office. The fashion activities in the United Kingdom have been integrated with TNT Express UK and are reported in the Europe Main segment.

Brazil Domestic was reported as a discontinued operation in 2013, following the announcement earlier in the year that the unit would be sold. On 30 January 2014, TNT Express announced that it would retain Brazil Domestic. Therefore, as of 2014, Brazil Domestic will no longer be reported as a discontinued operation.

Adjusted revenue and adjusted operating income are calculated as revenue and operating income after adjusting for one-offs and foreign exchange differences and are prepared by management to analyse the results, excluding non-recurring items for a better understanding of the business performance. The presentation and disclosure of adjusted revenue and adjusted operating income do not conform to IFRS.

The following table presents the unaudited adjusted revenue and adjusted operating income per reportable segment for the financial years ended 31 December 2013 and 2012.

Revenue and operating income by segment, reported and adjusted

	Reported					Adjusted (non-GAAP)		
Revenues	2013	variance %	2012	Foreign exchange	One-offs	2013	variance %	2012
Europe Main	3,259	(3.9)	3,392	42		3,301	(2.7)	3,392
Europe Other & Americas	1,186	0.8	1,177	30		1,216	3.3	1,177
Pacific	646	(11.1)	727	78		724	(0.4)	727
AMEA	1,061	(10.9)	1,191	47		1,108	(7.0)	1,191
Unallocated	541	0.9	536			541	0.9	536
Total	6,693	(4.7)	7,023	197		6,890	(1.9)	7,023
Operating income								
Europe Main[1]	(169)		204	5	314	150	(25.7)	202
Europe Other & Americas[2]	61	17.3	52	6	2	69	38.0	50
Pacific[3]	4	(85.7)	28	2	6	12	(57.1)	28
AMEA[4]	47		(107)	5	(30)	22		(4)
Unallocated[5]	105		(19)		(128)	(23)	(91.7)	(12)
Total	48	(69.6)	158	18	164	230	(12.9)	264
Operating income margin (%)								
Europe Main	(5.2)		6.0			4.5		6.0
Europe Other & Americas	5.1		4.4			5.7		4.2
Pacific	0.6		3.9			1.7		3.9
AMEA	4.4		(9.0)			2.0		(0.3)
Total	0.7		2.2			3.3		3.8

Notes: non-GAAP adjustments

[1]FY13: €73m restructuring, €2m catch-up depreciation Boeing 747 freighters, €238m goodwill impairments, €1m property, plant and equipment impairments.

[1]FY12: €(2)m catch-up depreciation Boeing 747 freighters.

[2]FY13: €4m restructuring, €2m catch-up depreciation Boeing 747 freighters, €(4)m claim settlement.

[2]FY12: €(2)m catch-up depreciation Boeing 747 freighters.

[3]FY13: €6m restructuring.

[4]FY13: €3m restructuring, €8m catch-up depreciation Boeing 747 freighters, €(39)m reversal of impairments, €(17)m reversal of fair value adjustments of Boeing 747 freighters, €15m fair value adjustments of China Domestic.

[4]FY12: €(8)m catch-up depreciation Boeing 747 freighters, €94m goodwill impairments, €17m fair value adjustments of Boeing 747 freighters.

[5]FY13: €9m restructuring, €58m goodwill impairments, €(200)m UPS termination fee, €5m UPS offer-related cost.

[5]FY12: €1m software impairments, €6m UPS offer-related cost.

(in € millions, except percentages)

The overall adjusted revenue decline of 1.9% in 2013 was the result of a mix of factors: challenging trading conditions in Europe, the lower demand for Asia-Europe transport, the discontinuation of a fashion contract in the United Kingdom and targeted terminations of loss-making customers, mainly in Italy and AMEA.

Compared to 2012, adjusted operating income decreased, largely in Europe Main (€52 million) and Pacific (€16 million), partly compensated by improved operating income in Europe Other & Americas (€19 million) and AMEA (€26 million).

Service-quality, measured by on-time delivery, was above 95% and improved compared to 2012.

Commentary on the performance in each of TNT Express' reportable segments is provided below.

III. EUROPE MAIN

GENERAL

The Europe Main segment comprises the operations in the five largest business units in Europe: Benelux, France, Germany, Italy, and UK & Ireland. These operations position TNT Express strongly in the European international express market and in the domestic markets, especially in France, Italy and the United Kingdom.

2013 PERFORMANCE

Real GDP stagnated across most European countries in 2013. This included TNT Express' key markets, where there was either little or no GDP growth. Only the United Kingdom saw a slight revival in its GDP growth of above 1%.

Europe Main

Year ended at 31 December	2013	variance %	2012
Adjusted revenues	3,301	(2.7)	3,392
Adjusted operating income	150	(25.7)	202
Average consignments per day ('000)	668	1.7	657
Revenue per consignment (€)[1]	19.4	(4.0)	20.2
Average kilogrammes per day ('000)	11,097	0.3	11,060
Revenue per kilogramme (€)[1]	1.17	(2.5)	1.20

[1] Based on reported revenues @avg12 rates.
(in € millions, except percentages)

Europe Main's adjusted revenues decreased by 2.7%. Despite challenging market conditions, overall consignment volumes grew by 1.7%. Revenue per consignment, however, declined by 4.0%, reflecting pressure on prices and a decline in average consignment weight, both partly explained by growth in lower-weight B2C volumes. Revenues were also negatively impacted by the shedding of loss-making customers in Italy and the discontinuation of a major fashion contract in the United Kingdom. The fashion contract represented 1.6% of the segment's revenue in 2012.

New tariff structures were introduced in 2013 to attract more SME customers and supported growth in this segment.

In support of profitability in the Europe Main business units, TNT Express implemented tight cost control and launched the *Deliver!* improvement programme. However, the realised savings in 2013 were not sufficient to offset pricing pressure and inflation. Europe Main's adjusted operating income declined by €52 million.

Most business units showed weaker year-on-year performance, with particular pressure on the results in France and Italy. In Italy, where revenues decreased markedly, TNT Express rolled out accelerated restructuring measures. The UK & Ireland business unit, after adjusting for the discontinuation of a major fashion contract, performed well.

A positive sign in the second half of the year was the return to growth in the European road and air networks. Overall the tonnage transported by the European road and air networks increased by 0.5% and 1.0%, respectively compared with 2012.

IV. EUROPE OTHER & AMERICAS

GENERAL

Europe Other & Americas comprises all European markets outside Europe Main as well as North and South America (excluding Brazil Domestic, which is reported as a discontinued operation). Within Europe Other, TNT Express maintains a strong position in the international express market, capitalising on its unique combination of European road and air networks. TNT Express' North American operations provide full-service capabilities to its customers and guarantee a next-day before 3:00 pm delivery service to many key metropolitan areas across the United States through its hubs in New York, Los Angeles, Chicago and Miami. TNT Express operates one of its Boeing 777 freighters daily between its central air hub in Liège, Belgium, and New York. In South America, TNT Express has a robust position in Chile, achieved by acquiring LIT Cargo in 2009.

2013 PERFORMANCE

Europe Other & Americas			
Year ended at 31 December	2013	variance %	2012
Adjusted revenues	1,216	3.3	1,177
Adjusted operating income	69	38.0	50
Average consignments per day ('000)	111		111
Revenue per consignment (€)[1]	43.1	4.4	41.3
Average kilogrammes per day ('000)	4,193	(3.0)	4,321
Revenue per kilogramme (€)[1]	1.14	7.5	1.06

[1] Based on reported revenues @avg12 rates.
(in € millions, except percentages)

Adjusted revenues for the segment went up by 3.3%. This was the result of successful yield management. Volume growth was muted with flat consignment volumes and a 3.0% decline in average kilogrammes per day. In the most profitable customer segments, however, growth was sustained. Revenue per consignment and revenue per kilogramme increased by a solid 4.4% and 7.5%, respectively.

Adjusted operating income increased year on year by 38.0% due to yield enhancement and cost control benefits. Nearly all units in Europe Other & Americas performed better than in 2012.

V. PACIFIC

GENERAL

The Pacific segment covers operations in Australasia. As a leader in the region, TNT Express offers both domestic and international time-definite and day-definite services. The majority of revenue comes from the Australian domestic market, where TNT Express provides both a day-definite fastest-by-road service and a next-day-by-air service.

2013 PERFORMANCE

Australia's economic growth over the past few years has been fuelled by the success of its commodities sector. However, this sector was under pressure in 2013 due to a slowdown in global demand. As a result, the country's economic growth declined in 2013 compared to 2012.

Pacific			
Year ended at 31 December	2013	variance %	2012
Adjusted revenues	724	(0.4)	727
Adjusted operating income	12	(57.1)	28
Average consignments per day ('000)	78	6.8	73
Revenue per consignment (€)[1]	36.2	(6.5)	38.7
Average kilogrammes per day ('000)	2,970	(1.5)	3,016
Revenue per kilogramme (€)[1]	0.96	2.1	0.94

[1] Based on reported revenues @avg12 rates.
(in € millions, except percentages)

A significant drop in average consignment weight (7.7%), caused by lower volumes from customers in the commodities sector and price pressure, negatively affected revenues. In response, management developed new but lighter-weight accounts to ensure capacity utilisation and to maintain the company's market position. Despite significant consignment growth (6.8%), adjusted revenues decreased by 0.4%.

Cost savings as part of the *Deliver!* improvement programme were accelerated in the second half of 2013. The Pacific management team also brought forward tariff increases and prioritised the development of higher-weight shipments. However, productivity gains and overhead reductions were not enough to compensate for lower prices and wage inflation of around 4%.

The implementation of further efficiency measures and reorganisation is on track. This includes significant investments in infrastructure and automation in key locations in Australia.

VI. AMEA

GENERAL

The AMEA segment constitutes the businesses in Asia, the Middle East and Africa, with fully owned subsidiaries in 21 countries. TNT Express operates domestic and international express services within AMEA and provides intercontinental services, mainly to and from Europe and the United States. Its dedicated intercontinental air fleet serves Shanghai, Hong Kong, Singapore and Dubai. In Asia, TNT Express operates domestic and regional road networks connecting more than 126 cities and providing an attractive alternative to air and sea transportation.

China represents TNT Express' largest operation in AMEA. On 1 November 2013, TNT Express divested its Chinese domestic road transportation business (Hoau). TNT Express will continue to develop its international express delivery service to and from China, which relies on a network of 34 depots and three international hubs in Beijing, Shanghai and Shenzhen.

In the Middle East, TNT Express operates a regional road network connecting seven countries. Construction started for TNT Express' future air and road hub at Dammam airport, Saudi Arabia, allowing for improvements in customs clearance efficiency and delivery speed in the region. In Africa, TNT Express has own operations in four countries and serves the rest of the region through partnerships and agents.

In the first three quarters of 2013, TNT Express operated freighters to and from Asia and the Middle East: two Boeing 747 freighters serving Shanghai and Singapore on a rotational basis and two Boeing 777 freighters serving Hong Kong and Dubai. The two Boeing 747 freighters have been classified as assets held for disposal since the end of 2011. At the end of 2013, TNT Express concluded that an economically viable sale could not be made under the current market circumstances and that it would focus on securing aircraft utilisation via air cargo sales, blocked-space agreements and charters.

Since the freighters were no longer accounted for as assets held for disposal at the end of the year, the previous impairments and fair value adjustments of €94 million were reversed and depreciation was restored. A depreciation amount of €24 million was included in the fourth-quarter results to recoup the depreciation not accounted for in the years 2012 and 2013. The adjusted operating income in 2013 has been normalised for the reversal of the €94 million impairment and fair value adjustments. The adjusted 2012 and 2013 operating income includes an annual depreciation of €12 million.

2013 PERFORMANCE

Business conditions in AMEA, and in particular China, while still relatively strong, were weaker than in previous years. This was partly due to lower exports to the United States and Europe.

AMEA

Year ended at 31 December	2013	variance %	2012
Adjusted revenues	1,108	(7.0)	1,191
Adjusted operating income	22		(4)
Average consignments per day ('000)	90	(13.5)	104
Revenue per consignment (€)[1]	48.1	7.1	44.9
Average kilogrammes per day ('000)	6,708	(17.4)	8,117
Revenue per kilogramme (€)[1]	0.65	14.0	0.57

[1] Based on reported revenues @avg12 rates.
(in € millions, except percentages)

Adjusted revenues decreased by 7.0% as a result of weaker business conditions and lower export volumes from large accounts to Europe. Revenues were also affected by the rationalisation of TNT Express' customer portfolio, the closure of TNT Express' Indian domestic air activities in 2012 and the sale of China Domestic on 1 November 2013.

The introduction of VAT in China had a negative impact on prices. TNT Express was unable to fully pass on the VAT to all customers. Some competitors, operating under different licenses, were not required to apply VAT to their customers. However, revenue-quality improved in 2013 because of active portfolio management. Revenue per consignment and revenue per kilogramme increased by 7.1% and 14.0%, respectively.

Management implemented several cost reduction measures, including the closing of depots to achieve optimum depot spread, optimised pick-ups and deliveries and lower overhead.

Adjusted operating income improved year on year by €26 million as a result of cost optimisation and yield initiatives. The operating result in nearly all units was ahead of 2012.

VII. UNALLOCATED

GENERAL

The Unallocated segment consists of Other Networks (TNT Innight and TNT Fashion activities outside the United Kingdom), Central Networks, ICS (Information Communication Services) and the TNT Express Head Office.

Revenues in the Unallocated segment are generated by TNT Innight, TNT Fashion and the air cargo sales made by Central Networks to optimise air capacity utilisation.

The Unallocated segment costs are shown net of recovery charges allocated to individual geographic and business segments. The segment also includes specific one-offs and expenses such as UPS offer-related and project costs.

2013 PERFORMANCE

Unallocated

Year ended at 31 December	2013	variance %	2012
Other Networks	393	(1.5)	399
Non-allocated	148	8.0	137
Total reported revenues	541	0.9	536
Other Networks	(59)		7
Non-allocated	164		(26)
Total reported operating income	105		(19)
Software impairments			1
Goodwill impairments	58		
Restructuring cost	9		
UPS termination fee	(200)		
UPS offer-related cost	5		6
Adjusted operating income	(23)		(12)

(in € millions, except percentages)

In 2013, reported revenue was 0.9% above last year due to increased revenue from air cargo sales. The adjusted Unallocated net costs were €23 million, excluding goodwill impairments of €58 million, €9 million of restructuring costs, €200 million income from the UPS termination fee and €5 million of UPS' offer-related costs.

Adjusted for one-off items, the Unallocated segment generated a €11 million higher loss than in 2012. This was largely due to lower results from TNT Innight and higher pension costs. After a slow start, TNT Innight continued to achieve higher volumes among agricultural and automotive customers.

VIII. DISCONTINUED OPERATION – BRAZIL DOMESTIC

GENERAL

At the beginning of 2013, it was announced that Brazil Domestic would be divested. The process was expected to be finalised by the end of the year. Consequently, Brazil Domestic has been reported as a discontinued operation since the first quarter of 2013, in compliance with IFRS 5. In addition, comparative figures in 2012 were restated.

On 30 January 2014, TNT Express announced that it was unable to realise a transaction on acceptable terms and terminated discussions with potential bidders for Brazil Domestic.

2013 PERFORMANCE

Brazil Domestic

Year ended at 31 December	2013	variance %	2012
Adjusted revenues	346	13.8	304
Adjusted operating income	(27)	59.1	(66)

(in € millions, except percentages)

Active price management, customer changes and revenue protection resulted in an improvement in adjusted revenues by €42 million.

In addition to revenue management, numerous cost reduction measures were taken, lowering headcount by around 800. The adjusted operating income of Brazil Domestic improved significantly as a result of these measures, with operating losses reduced to €27 million. The result from discontinued operations amounted to €-29 million (2012: €-101).

CHAPTER 3 CORPORATE RESPONSIBILITY PERFORMANCE

I. CORPORATE RESPONSIBILITY FRAMEWORK

STRATEGY

Corporate responsibility (CR) is an integral part of TNT Express' business strategy and is embedded in its business and operational activities. Given TNT Express' business and operational profile, health and safety and the environment are given priority on TNT Express' strategic CR agenda. This creates win-win outcomes for the various initiatives and programmes. These include reducing absenteeism, accidents and fuel consumption, which in return assist in lowering operating costs.

– Health and Safety
  Maintaining a healthy and safe working environment is vital to TNT Express' operations. Therefore, the company invests in healthy and safe working conditions for employees, subcontractors and business partners. TNT Express' objective is to meet and, where reasonably possible, exceed all health and safety obligations. This is pursued by applying workplace, road safety and general health and safety best-practice processes and training programmes. A strong safety culture will help TNT Express to further reduce the number of accidents and incidents and realise its vision of zero-fatal accidents.
– Environment
  TNT Express is committed to minimise any potential negative impact of its activities on the environment. TNT Express' objective is to reduce the consumption of energy and other natural resources as well as its emissions. This is pursued through a broad range of actions and initiatives, including network optimisation, energy efficiency programmes, carbon management, 'zero-emission' supply chain solutions for customers, and awareness and training programmes for employees and subcontractors.

While health and safety and the environment rank high on its CR agenda, TNT Express is also focused on the continuous development and engagement of TNT Express' employees. Other items on the company's social agenda include human rights and providing expertise and capacity to several humanitarian partners.

GOVERNANCE

The Executive Board is the owner of the CR agenda. A central CR Steering Committee advises and assists the Executive Board in developing, executing and monitoring the performance of TNT Express' CR strategy and its associated policies and procedures. The committee is chaired by the CEO and comprises relevant functional directors. The corporate CR department facilitates the committee and coordinates global CR activities and performance in cooperation with the business units and networks. Annually, the Supervisory Board evaluates the company's CR approach and performance.

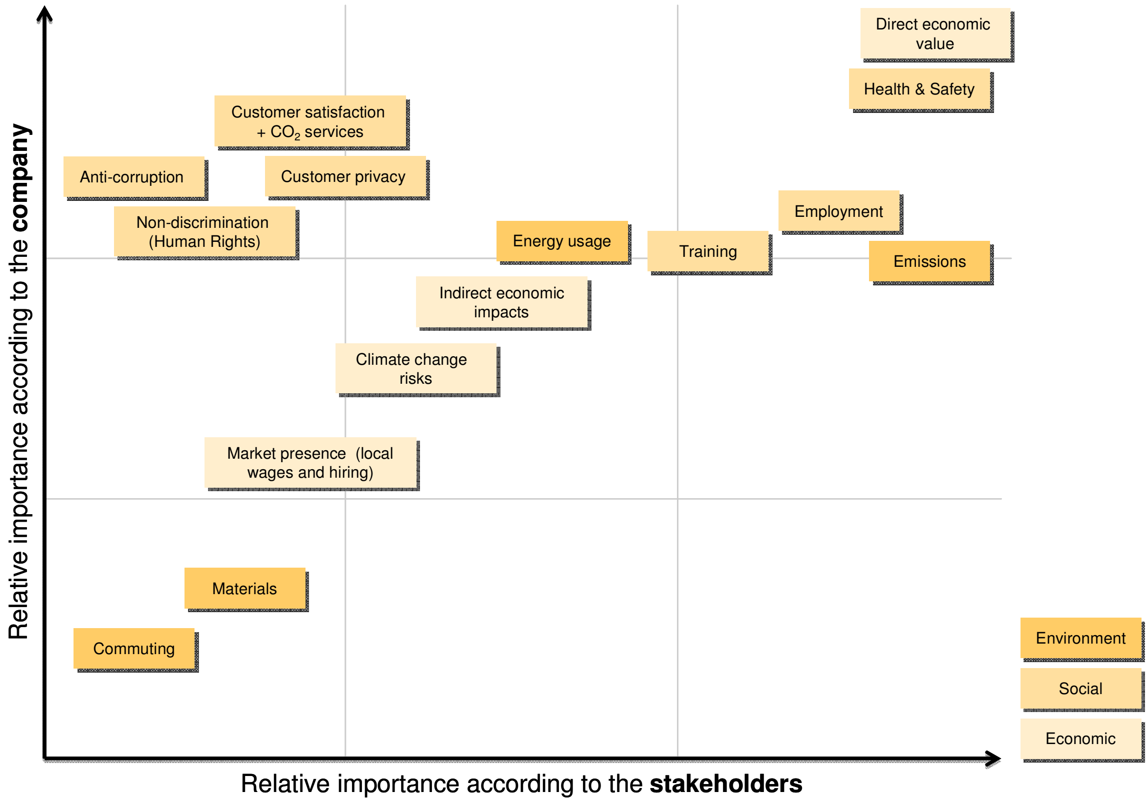
MATERIALITY ASSESSMENT

TNT Express reports on CR data and information in accordance with the Global Reporting Initiative (GRI) G4 reporting criteria and guidelines. TNT Express has prepared the 2013 annual report in accordance with G4's core option. Core reports include the majority of the General Standard Disclosures, generic Disclosures on Management Approach (DMA) for only material aspects and at least one indicator related to each identified material aspect. In compliance with G4, TNT Express explains how it manages each material aspect and reports relevant indicators over time.

To identify the CR-related aspects that are most relevant for TNT Express, an annual online survey is conducted with six stakeholder groups: customers, employees, subcontractors, suppliers, investors and civil society organisations. In addition, TNT Express systematically engages with (individual) stakeholders to obtain their perspectives, input and feedback on its business and operational activities. The survey outcomes and stakeholder feedback provide guidance for developing and improving TNT Express' CR strategy and activities.

The 2013 survey was sent to approximately 4,500 stakeholders globally, with a response rate of 11%. The survey polled stakeholders on the CR aspects included in the G4 guidelines, which are relevant for TNT Express. The stakeholders identified and prioritised the aspects they deemed most important for TNT Express. The fifteen highest ranking CR aspects are reflected in the following matrix. The horizontal axis reflects the *"relative importance according to the stakeholders"*. The CR Steering Committee subsequently also assessed and prioritised these aspects. This prioritisation is reflected in the vertical axis *"relative importance according to the company*". The aspects shown in the top-right hand area are important and material to both stakeholders and the company and are covered in this annual report.

TNT Express' 2013 CR Materiality Matrix



TNT Express also participates in benchmarks. Since 2004, TNT Express has been included in the Dow Jones Sustainability World Index. In 2013, TNT Express scored 75 out of 100 points, compared to 87 points in 2012. TNT Express understands this decrease to be the result of the company tailoring its CR strategy towards the specifics of its industry, activities and company situation.

In 2013, TNT Express scored 88 out of a possible 100 in the Carbon Disclosure Project (2012: 74). In the Dutch '*Transparantie Benchmark*', TNT Express ranked 62 (2012: 49) with a score of 161 points (2012: 160 points).

CORPORATE RESPONSIBILITY RISK MANAGEMENT AND MONITORING

TNT Express applies continuous, formal and structured CR risk management and a CR reporting system. It identifies CR-related risks linked to business and operational activities and works to reduce these through the implementation of risk controls. Where possible, global best practices are implemented to monitor, reduce and mitigate these risks. The main CR-related risks are linked to safety incidents and accidents, to climate change and to the regulatory and market responses to climate change. Refer to section V of chapter 4 for more information.

The principal monitoring and control processes for CR are:

- a global reporting and consolidation system that tracks CR data, supported by a dedicated CR reporting function under the responsibility of the CFO;
- a non-financial letter of representation with CR-related questions, with sign-off by senior management to confirm the reliability of provided data and the compliance with policies;
- a review of control processes based on the Internal Control for CR (ICCR) framework; and
- an independent assurance review performed by the external auditors (including reliance on an objective assurance review performed by the internal auditors).

On a monthly basis, TNT Express uses a monitoring and reporting system to measure progress on relevant key performance indicators (KPIs). CR targets and KPIs are integral to TNT Express' performance management framework. In 2013, the remuneration of members of the Executive Board was partly based on TNT Express' performance in the CR area. Refer to section IV of chapter 4 for more information.

II. HEALTH AND SAFETY

MANAGEMENT AND PERFORMANCE

TNT Express manages health and safety via a systems-based approach. Its global health and safety policy and management framework are based on the international OHSAS 18001 standard. All business units are required to achieve and maintain external certification to this standard as a minimum.

Health and safety risks associated with operational activities are identified and assessed, and subsequently managed and controlled to acceptable levels by implementing effective risk controls within the operational processes. Each business unit has a documented risk assessment process in place to control this particular risk at a local level.

TNT Express monitors its performance through a set of performance metrics. The KPI for safety is the lost-time accident (LTA) ratio. The LTA ratio is defined as the number of employees that are absent from work as a result of a work-related workplace or road traffic accident, for at least one working day in the reporting period, excluding the day the accident occurred, per 100 FTE. Annual targets are set to drive performance improvements. TNT Express' health and safety performance is included in the performance management framework and is subject to quarterly reviews.

TNT Express acknowledges the safety record of its entire operation, a significant part of which is executed by subcontractors. Where possible, subcontractors are involved in improvement initiatives and training programmes.

Preventive measures

TNT Express uses the 'safe vehicle, safe driver, safe journey' approach to identify and implement effective risk mitigation measures for road safety. TNT Express pursues continuous improvement in each of these areas: vehicle; driver; and journey, in addition to subcontractor management. The main challenge in reducing road accidents is to ensure consistent application of this approach, particularly in less-developed countries, and to ensure subcontractors adopt corresponding standards in practice. Where applicable, TNT Express promotes the improvement of the quality of public infrastructure, which is another relevant factor in enhancing road safety.

Health and safety performance KPIs

Year ended at 31 December		2013	variance %	2012
OHSAS 18001 (% of total FTE)		84%		84%
Workplace fatal accidents	♦	0		0
Road traffic blameworthy fatal accidents (own)	♦	1	100.0	0
Subcontractor road traffic fatal accidents		13	(31.6)	19
Lost-time accidents per 100 FTE	♦	2.69	(6.6)	2.88
Blameworthy road traffic incidents/collisions per 100,000 kilometres		0.79	6.8	0.74
Absenteeism (% of total standard working hours)[1]	♦	3.4	3.0	3.3

[1]For comparative purposes 2012 numbers have been restated.
Figures with a (♦) fall within the reasonable assurance scope

In 2013, TNT Express' overall performance improved in terms of fatal accidents and LTAs. TNT Express regrets any accident, including one for which it has no blame. To review its own performance, focus is on blameworthy accidents. The sole road traffic blameworthy fatal accident in TNT Express' own operations occurred in Chile (2012: 0). Similarly, TNT Express reviews the performance of its subcontractors. As blameworthiness in accidents involving subcontractors cannot currently be established by TNT Express, all fatal accidents, irrespective of blameworthiness are reported. TNT Express is taking action to ensure that the information required to determine blameworthiness in fatal accidents which involve subcontractors can also be obtained as of 2014. Road traffic fatal accidents involving subcontractors totalled 13 (2012: 19), which represented a significant decrease compared to 2012. The improvement of the LTA ratio in 2013 is supported by continued focus on safety enhancement.

Blameworthy road traffic incidents/collisions per 100,000 kilometres deteriorated by 6.8% to 0.79 in 2013. TNT Express has performed a thorough review and determined that the increase is not due to any common or consistent underlying cause. A pilot study conducted in the UK & Ireland business unit confirmed that targeted action, including installing reversing cameras in vehicles and developing driver risk profiles, can significantly reduce the number of incidents. Refer to chapter 5 for more information.

KEY INITIATIVES

Road safety initiatives

These include driver training, driver recognition programmes, road safety charters and safe driving competitions, for employees and subcontractors. Example initiatives are:

- The French business unit established a cross-functional road safety committee. The committee is responsible for developing and implementing a strategy with specific objectives to optimise road safety systems and procedures, training, communication and subcontractor management.
- The UK & Ireland business unit took action to reduce manual handling injuries – a key risk factor in the industry. The business unit implemented a wearable device to encourage correct manual handling behaviour.
- The Italian business unit took proactive measures to improve subcontractor performance, by directly or indirectly involving drivers in on-site safety briefings and proactively sharing risk assessment information.

Health-related initiatives

These include health assessments, injury rehabilitation, flu vaccination and screening for certain medical conditions. Example initiatives are:

- The German business unit provided automatic heart defibrillators to all its depot locations.
- The UK & Ireland business unit implemented employee awareness campaigns to raise awareness about signs and symptoms of heart disease, lung cancer and stroke.
- The Australian business unit operated a well-being programme covering health and wellness initiatives to support employees and their families.

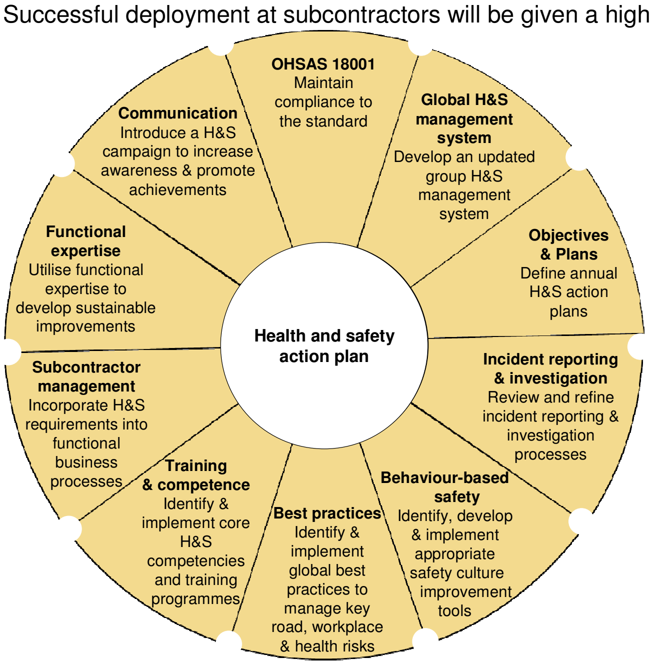
Improving safety culture

To complement safety standards, controls and tools, TNT Express has stepped up efforts to strengthen its safety culture. This is done by addressing the attitudes, beliefs, perceptions and values of employees and subcontractors in relation to safety. TNT Express promotes a safety culture in which management exhibits leadership and commitment to safety and all employees assume responsibility for the health and safety of themselves and others. Example initiatives are:

- The TNT Express hub in Liège, Belgium, is halfway through a three-year programme designed to reinforce its safety culture and improve its LTA ratio by 50%. Several behaviour-based safety tools and best-practice techniques are being applied, including extensive training and coaching.
- The Australian business unit implemented a safety observation programme, with targeted interventions and challenged observed behaviour and common practice.

OUTLOOK AND COMMITMENTS

TNT Express' most relevant overall safety target is the reduction of LTAs. The objective is to realise 2.0 LTA per 100 FTE by 2015, compared to 2.69 in 2013. In support of this target, TNT Express has adopted a health and safety action plan for the years 2014 to 2015 based on recognised industry best practices. The action plan has ten focus areas, as shown below. The development and deployment of the action plan is led by TNT Express health and safety professionals from the operating units and head office. The revised health and safety management system, its objectives and working plans have been shared with the operating units, and a self assessment tool will be used to monitor progress and measure performance. Successful deployment at subcontractors will be given a high priority.



III. ENVIRONMENT

MANAGEMENT AND PERFORMANCE

TNT Express considers energy and carbon efficiency to be a priority. Therefore, TNT Express is committed to mitigating its environmental impact, with a focus on three areas:

- Operations: improve CO_2 efficiency and air quality of activities, including subcontractors
- Customers: provide CO_2 information to customers and help them reduce their emissions
- People: encourage awareness and train employees and subcontractors in environmental management

TNT Express relies on a comprehensive environmental management system to plan, implement, monitor, manage and improve the impact of its activities. Clear policies, standards and management controls are in place to manage the environmental impact of TNT Express' fleet and infrastructure at each important juncture (planning, acquisition and operation). For subcontractors and suppliers, policies and guidelines are in place to ensure they meet TNT Express' environmental management requirements.

TNT Express' operations comply with all applicable environmental laws and standards. To ensure consistency, all business units and networks must also comply with the ISO 14001 standard. TNT Express includes environmental requirements in its capital expenditure and procurement review process.

Annual action plans are implemented locally to improve the carbon efficiency of operations. Performance is measured through KPIs related to energy, CO_2 emission and CO_2 efficiency. TNT Express' environmental performance is included in the performance management framework and subject to quarterly reviews.

Environmental performance KPIs

Year ended at 31 December		2013	variance %	2012
ISO 14001 (% of total FTE)		84%	1.2	83%
CO_2 emissions absolute of own operations (Scope 1 and 2) (ktonnes)[1]	♦	1,078	3.1	1,046
CO_2 emissions absolute of subcontracted operations (Scope 3) (ktonnes)[1]		1,268	(2.9)	1,306
CO_2 efficiency network flights (European air network + domestic) (g CO_2/tonne km)	♦	1,577	(0.8)	1,590
CO_2 efficiency long haul air (g CO_2/tonne km)	♦	410	(4.9)	431
CO_2 efficiency small trucks and vans (g CO_2/km)	♦	345	0.6	343
CO_2 efficiency large trucks (g CO_2/km)	♦	720	(1.5)	731
CO_2 efficiency buildings (kg CO_2/m^2)	♦	25.0	4.2	24.0
Euro 4, 5 and 6 trucks and vans (% of total number of vehicles in EU countries)		82%	12.3	73%

[1] For comparative purposes 2012 numbers have been restated.

Figures with a (♦) fall within the reasonable assurance scope

In 2013, the total CO_2 emissions of TNT Express' own and subcontractor operations (Scope 1, 2 and 3 of the Greenhouse Gas Protocol) decreased by 0.3% to 2,346 ktonnes. The CO_2 emissions of TNT Express' own operations (Scope 1 and 2) increased in absolute terms by 3.1% to 1,078 ktonnes (2012: 1,046) as a result of higher air operation activity levels. CO_2 emissions of subcontractor operations (Scope 3) decreased by 2.9% to 1,268 ktonnes. In 2013, 54% of total CO_2 emissions was related to subcontractor operations.

The CO_2 efficiency of TNT Express' air operations, measured in CO_2 per freight tonne kilometre, improved in 2013 due to higher load factors and the use of relatively fuel-efficient Boeing 777 freighters throughout the entire year.

The CO_2 efficiency of large trucks, measured in CO_2 per kilometre, also improved due to the transition to newer fuel-efficient vehicles and focus on driver behaviour. TNT Express also took measures to improve the utilisation of its network (shorter routing and better load factors). The impact of these initiatives is however, not registered in the efficiency indicator used for vehicles, CO_2 per kilometre.

The relatively cold winter in Europe in the beginning of 2013 led to the reported deterioration of the CO_2 efficiency of TNT Express' buildings.

The number of own trucks and vans in European Union countries at Euro 4 or higher standards increased by 12.3%. Refer to chapter 5 for more information.

KEY INITIATIVES

Operations

Road

In all major markets, electric and low-carbon emitting vehicles and electric-assisted tricycles were tested and deployed, particularly for city deliveries. Operating units also tested fuel-efficient innovations such as telematics, fuel savers and aerodynamic vehicle equipment. With a partner, TNT Express developed on-board computer technology that calculates fuel efficiency and provides insights into driver behaviour and driving style. This innovation resulted in fuel and CO_2 efficiencies of between 10% and 15% in the pilot study conducted in the Benelux. To ensure maximum impact and scalability, best practices are shared and, where possible, replicated on a global scale, including subcontractors.

Air

TNT Express aims to constantly improve the fuel efficiency of its aircraft operations by applying best practices in network and flight planning, take-off, in-flight procedures and ground processes. In the years to 2017, a significant number of short haul aircraft will be replaced by younger, more fuel-efficient aircraft types.

Supply chain and innovation platforms

At the industry level, TNT Express participated in several of the European Union's 7th Framework Programme for Research (FP7) programmes (CITYLOG, STRAIGHTSOL, FREVUE) which aim to generate 'zero-emission' solutions for deliveries to city centres. In the FREVUE programme, TNT Express has committed to partner with the cities of Amsterdam, London, Madrid and Rotterdam. TNT Express is also co-founder of the Green Freight Europe (GFE) sector initiative which aims, amongst others, to reduce CO_2 emissions of the transportation sector by supporting its members through a standard methodology for monitoring and reporting on carbon emissions.

Customers

TNT Express actively engages with customers interested in climate change-related performance through a range of services:

- CO_2 Report: to track and analyse historical CO_2 emissions
- CO_2 Quote: to predict future CO_2 emissions
- CO_2 Scenario: to model and optimise CO_2 emissions in the transport supply chain
- CO_2 Neutral: to offset CO_2 emissions related to the transport of their consignments

People

Driver behaviour has a major impact on vehicle fuel efficiency. Therefore, TNT Express' drivers are trained in driving behaviour, which helps to reduce fuel consumption and improve safety. 'Eco-driving' is included as a standard requirement in driving courses in various locations and is also offered to subcontractors. In 2013, the 7th "Drive Me Challenge" edition was held at the Duiven road hub in the Netherlands. TNT Express' drivers and subcontractors from operating units worldwide competed in fuel efficiency, safety and customer experience.

OUTLOOK AND COMMITMENTS

The corporate CO_2 efficiency index and the related 40% overall improvement target established in 2007 have been replaced by measures and targets better aligned with TNT Express' core operational processes. Targets have been set for the main operating units, and are included in local carbon management plans in the coming years. These medium-term targets include:

- 100% of own drivers trained in eco-driving;
- 90% of own vehicles in the European Union at Euro 4 or higher emission standards;
- telematics applied to 50% of own road vehicles;
- 100% of own linehaul trucks and trailers equipped with aerodynamics; and
- 100% of BAe 146 aircraft replaced by newer, more fuel-efficient fleet.

Where possible, subcontractors will continue to be involved in initiatives and training programmes.

IV. SOCIAL AND ENGAGEMENT

Social and engagement performance KPIs

Year ended at 31 December	2013	variance %	2012
Investors in People (% of total headcount)	82%		82%
Employee engagement	67%	(5.6)	71%

EMPLOYEES

As a global service provider, TNT Express largely depends on its people to deliver the best possible service to customers. Therefore, TNT Express considers both employees and subcontractors to be vital assets and pursues a corresponding policy towards human resources management and people development.

TNT Express uses the Investors in People (IiP) standard to provide a consistent and structured approach to people management. The standard requires identifying and communicating clear business objectives to all employees and providing performance feedback, development plans and adequate training. The objective is to achieve and maintain IiP certification for all operations. In 2013, 82% of employees were working at IiP-certified sites (2012: 82%).

Training and other development actions are undertaken at all levels within the organisation. All global training-related development activities are centrally managed to ensure alignment with the company's values and strategic priorities. Implementation takes place at local level to ensure local cultures and languages are taken into account and to minimise cost of travel.

TNT Express places particular focus on identifying, recognising and developing employees with the potential to become leaders. Employees are encouraged to join talent pools to develop leadership capabilities and to ensure succession planning. Annual performance calibration and succession and talent reviews are conducted to discuss and assess employee performance results, and to guarantee succession planning of talents. In addition, TNT Express' global talent development initiatives are designed to train and prepare employees to take them to the next level in their careers.

Employee engagement is measured every year through the global engagement survey, *VOICE*. In 2013, TNT Express scored 67% on employee engagement (2012: 71%) a decline mainly due to a reported increase in workload. In 2014, management will pay particular attention to the areas highlighted by the engagement survey.

HUMAN RIGHTS

In 2013, TNT Express revised the TNT Express Business Principles to better align them with the specifics of its activities and the UN Guiding Principles for Business and Human Rights. The revised Business Principles provide more clarity and detail on specific TNT Express human rights aspects related to labour and employment, and replace the SA 8000 certification.

HUMANITARIAN PARTNERSHIPS

TNT Express provides expertise and capacity to selected humanitarian partners, often at the local level with a close link to the company's expertise, culture, employees and customers. Examples include the "Wooden Spoon" charity for disadvantaged children in the United Kingdom, the "Die Tafeln" food redistribution charity in Germany and Austria, and the "Kind Heart Foundation" for distributing medicine and medical equipment in Russia. These activities serve to engage and develop employees while delivering safe and efficient supply chain solutions for people in need.

TNT Express evaluated its "Moving the World" partnership with the United Nations World Food Programme in regards to its future potential and strategic, financial and cultural fit, and decided to discontinue this partnership by the end of 2013.

In 2013, at the request of the United Nations Global Logistics Cluster, trained TNT Express employees were sent to help ensure that critical relief supplies reached those affected by the Haiyan typhoon in the Philippines.

To ensure maximum impact for local partners and engagement of employees, TNT Express will continue to provide logistics supply chain solutions at the local level.

CHAPTER 4 GOVERNANCE

I. MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

I am pleased to present you the report on the activities of the Supervisory Board during 2013.

The year was eventful and brought many changes for TNT Express. After the prohibition of the intended merger with UPS early 2013, the company showed determination by implementing the *Deliver!* improvement programme. Against a backdrop of difficult trading conditions, the programme targeted the divestment of non-core businesses and the realisation of significant cost efficiencies. The Supervisory Board is confident that management will succeed in achieving the programme's objectives.

Following Mr Gunning's arrival as the new CEO, management started a comprehensive strategy review. The Supervisory Board was closely involved in this process, supported by a dedicated Strategy Committee composed of representatives from its Board. The review resulted in clear choices for the organisation, with focus on customers, operational excellence and shareholder value. The Supervisory Board considers successful implementation essential to improve overall performance and to create a basis for long-term success.

Amid change, some things will persist. Building on a strong track record, TNT Express will continue to emphasise care for its people and the environment. Also, we will see to it that good governance is being maintained as we consider this an essential condition for long-term success. Last but not least, TNT Express will maintain good relations with its shareholder base.

On behalf of my fellow members of the Supervisory Board, I would like to thank management and employees for their hard work during 2013, and I thank shareholders and other stakeholders for their commitment to our business. I trust in their continued dedication during 2014.

Kind regards,

Antony Burgmans

Chairman of the Supervisory Board of TNT Express N.V.

II. REPORT OF THE SUPERVISORY BOARD

INTRODUCTION

In 2013, the Supervisory Board played an active and prominent role in advising the Executive Board on strategic and operational processes, governance, corporate responsibility and developments. This report provides an overview of the events and challenges the Supervisory Board dealt with throughout the year.

SUPERVISION BY THE SUPERVISORY BOARD

Achievement of company goals

TNT Express continued to operate under challenging trading conditions in 2013. The Supervisory Board gave its full support to the Executive Board in initiating a company-wide improvement programme, *Deliver!,* to stabilise the business and to achieve medium-term efficiency gains. At the same time, the Supervisory Board recognised that this programme and the related changes to the company's structure, assets and cost base coincided with sizeable impairments, valuation adjustments and restructuring provisions. Throughout the year, management succeeded in keeping costs under control and maintaining a solid cash position. The improvement programme is on track and starting to positively impact results.

Further action was required to improve overall performance and secure the long-term success of TNT Express. The Executive Board, with close involvement from the Supervisory Board, therefore performed a comprehensive strategy review in the second half of 2013. The Supervisory Board established a dedicated ad hoc Strategy Committee in July to support it in its assessment of management's proposals. The review led to the updated strategy, *Outlook*.

Mr Gunning was appointed as CEO effective 1 June 2013 and Mr Bot remained in his position as CFO. Mr. Seyger, CFO ad interim for the period until 1 June 2013, took on a senior finance function in TNT Express. The Supervisory Board is of the opinion that, given the circumstances, the Executive Board performed its duties well during the year.

Strategy and risks

In January 2013, following UPS' withdrawal of its offer for TNT Express, the Supervisory Board confirmed the termination of the merger agreement. Profit improvement measures were discussed in February, resulting in the announcement of the *Deliver!* improvement programme in March. Its main actions entailed a focus on TNT Express' distinctive service proposition, reduction of overhead costs, divestment of non-performing or non-core businesses, and investing in infrastructure and IT. The sale of the domestic road operations in China was completed on 1 November 2013. Investments in infrastructure in the Middle East and Australia as well as in IT were approved and are being implemented. In January 2014, the company concluded that a sale of the Brazil Domestic activities at acceptable terms was not possible and decided to terminate discussions with potential bidders.

During the year, the Executive Board and the Supervisory Board discussed further initiatives to reinforce the company's performance. TNT Express' strategic agenda continued to evolve around the strength of its European international networks. A strategic agenda for the company was agreed, resulting in the following imperatives:

- Focus on profitable growth
- Invest in performance
- Organise to win

Risk management

In 2013, the Supervisory Board was informed regularly, promptly and comprehensively on risks and risk management. The outcome of TNT Express' risk management process, the risks identified and the mitigation plans were discussed in detail with the Audit Committee and between the Supervisory Board and the Executive Board. Refer to section V for more information on the risk management process and the strategic, operational, financial and compliance risks facing TNT Express.

Financial reporting

In 2013, members of the Supervisory Board received comprehensive financial reporting updates on a regular basis. This included the annual report with the consolidated financial statements, drawn up in accordance with IFRS, the proposal for a pro forma (interim) dividend from the distributable part of the shareholders' equity, the quarterly consolidated financial statements and PricewaterhouseCoopers (PwC)'s specified procedures report of TNT Express' half-yearly and annual financial statements and reports as well as monthly results reports. The Audit Committee and Supervisory Board dealt extensively with these reports. The external auditor attended all meetings of the Audit Committee.

Compliance

The Supervisory Board believes in a strong compliance framework. It advocates a corporate culture that values integrity and commitment to external and internal rules and regulations as well as fair treatment of business partners, employees and other stakeholders. In 2013, the Supervisory Board was informed on compliance-related topics and ascertained the legality and proper conduct of management activities.

Investor relations

The Supervisory Board was updated on investor relations activities and investor sentiment at least every quarter. Following the publication of the (quarterly) results, the Supervisory Board was informed in writing on trading updates, share price developments, market reactions and enquiries by investors and analysts. This was especially the case during the final stages of the intended merger process with UPS in early 2013 and the launch of the *Deliver*! improvement programme in March. Recognising the interest of shareholders in the company's developments in the past year, the Supervisory Board was pleased to note shareholder engagement at the Annual General Meeting of Shareholders in April. Refer to chapter 6 for more information on TNT Express' investor relations activities.

Corporate responsibility

The Supervisory Board acknowledged the continued integration of corporate responsibility into TNT Express' overall business strategy and operations. The Supervisory Board considers corporate responsibility to be an essential condition for long-term success. In 2013, the Supervisory Board paid particular attention to road safety and greenhouse gas emissions. Regretfully, TNT Express, including subcontractors, was involved in 14 fatal road accidents. Although this represented a significant decrease from the year before, the Supervisory Board is of the opinion that every fatality is one too many. The Supervisory Board encouraged increased safety training and improvement programmes to significantly reduce the number of accidents and incidents, and realise the company's vision of zero-fatal accidents. Refer to chapter 3 for more information.

MEETINGS OF THE SUPERVISORY BOARD

In 2013, the Supervisory Board held six regular meetings and six ad hoc meetings, mostly by phone. The Executive Board attended most of the meetings. Agenda items included: business performance and market developments; strategic, governance and regulatory updates; and corporate responsibility items. The ad hoc meetings took place mainly in early 2013 to discuss developments related to the intended merger with UPS.

All members of the Supervisory Board attended all Supervisory Board meetings (refer to page 39 for an attendance overview). Between meetings, the chairman of the Supervisory Board held frequent discussions with the CEO (ad interim), both in person and by phone. The Executive Board kept the entire Supervisory Board informed of important developments on a regular basis.

In February, the Supervisory Board discussed the termination of the intended merger with UPS and the follow-up actions including the receipt of the €200 million termination fee. The *Deliver!* improvement programme was also reviewed. Other items discussed were the 2012 annual results, including the fourth-quarter and full-year results, the year-end report by the external auditor (PwC) and the risk environment report. The Supervisory Board approved the 2012 annual report, the final 2012 dividend proposal and the agenda for the Annual General Meeting of Shareholders on 10 April 2013.

In January and February, five ad hoc Supervisory Board conference calls and meetings were held. Topics discussed were the (termination of the) intended merger, the selection and nomination of Mr Gunning as CEO, and the nomination of Mr Vollebregt as additional independent member of the Supervisory Board.

In April, the Supervisory Board held two regular meetings, the first to prepare for the Annual General Meeting of Shareholders; the second to discuss the progress of the *Deliver!* improvement programme and the first-quarter results.

In July, the Supervisory Board discussed the half-year and second-quarter results as well as the outlook for the remainder of 2013. It also reviewed the *Deliver!* improvement programme results as well as strategic issues including the intended sale of Brazil Domestic. The Supervisory Board approved the terms of reference and composition of the Supervisory Board's Strategy Committee, which was tasked with the strategy update.

In October, the third-quarter results and updates on key strategic issues were discussed. A substantial part of the meeting was dedicated to reviewing the Australian business unit's business plan. The Supervisory Board approved infrastructure investments in TNT Express' Sydney and Melbourne depots.

In December, the Supervisory Board held two meetings, an ad hoc meeting and a regular meeting. In the ad hoc meeting in early December, the Supervisory Board discussed an update on the intended sale of Brazil Domestic. In the regular meeting, the Supervisory Board discussed and approved the updated strategy, *Outlook*. Furthermore, the 2014 budget and the proposal for amendments to the remuneration policy for the Executive Board were discussed and approved. Updates on the *Deliver!* improvement programme, TNT Fashion, the Boeing 747 freighters, the intended sale of Brazil Domestic, as well as the CR strategy and the medium-term action plan were presented and discussed.

Transactions of particular significance or requiring Supervisory Board approval were discussed with the Executive Board in Supervisory Board committee meetings prior to decisions being taken. In between regular meetings, members of the Supervisory Board were informed on an ad hoc basis of urgent plans and projects arising.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has four committees: the Audit Committee, the Chairman's & Nominations Committee, the Remuneration Committee, and the Strategy Committee. These committees help prepare the Supervisory Board for its decision-making responsibility and provide advisory input. Each committee reported its findings and conclusions to the entire Supervisory Board on a regular basis, both verbally and in writing.

Audit Committee

The Audit Committee comprises three members and is chaired by Mr Levy. In 2013, the Audit Committee met five times, with all committee members attending all meetings. All meetings were attended by the CFO (ad interim), the global director of finance, the director of internal audit, the director of financial reporting, consolidation & accounting and the external auditor, PwC. The February and April meetings were also attended by the CEO (ad interim). Following each committee meeting, a summary update was provided the next day, to the full Supervisory Board.

The Audit Committee dedicated significant attention to the periodic financial reports, external auditor's reports, TNT Express' control framework and internal audit reports. The committee reviewed press releases, developments on pensions and internal control over financial reporting on a regular basis.

In February, the Audit Committee discussed the 2012 annual results, the year-end report by PwC, the risk management process and the 2012 final dividend. Furthermore, it discussed the internal audit and internal control reports, TNT Express' integrity programme and the letter of representation. Other topics discussed were the full-year claims and litigation report, updates on the divestment processes of Brazil Domestic and China Domestic and the exploration of the divestment of TNT Fashion.

In April, meetings were held to discuss the first-quarter results and the 2013 audit plan by PwC. Updates on internal audit, internal control, pensions, and the divestment processes of Brazil Domestic and China Domestic were presented.

In July, the second-quarter and half-year results were discussed as well as updates on business ethics, the internal audit function, Brazil Domestic, China Domestic, claims and litigation and pensions. PwC presented their half-year specified procedures report. The Audit Committee reviewed the outcome of the annual PwC satisfaction survey and reviewed the follow-up of last year's action points.

In October, the third-quarter results and the quarterly internal audit and internal control reports were reviewed. Sale processes of Brazil Domestic, China Domestic and the Boeing 747 freighters as well as tax assessments, pensions and the new rules on external auditor rotation were discussed.

The reorganisation of the internal compliance function received special attention. Internal audit, Internal Control, Risk Management, Business Ethics and Export Control are now combined into an integrated function under one compliance director. The Audit Committee was satisfied with the new set-up.

In December, the Audit Committee discussed the 2014 budget and audit plan. PwC presented the hard close report. In addition, updates on export controls, TNT Fashion, the Boeing 747 freighters, pensions, the sale of Brazil Domestic, and the 2013 annual report process were discussed.

With respect to the discussion on the internal control recommendations with the external auditor, there were no material issues besides those already disclosed in the 2013 annual report.

The chairman of the Audit Committee met with the external auditor in a private session prior to every Audit Committee meeting. In October, the other Audit Committee members also convened with the external auditor in the annual private session.

Chairman's & Nominations Committee
In 2013, the Supervisory Board decided to transform the Nominations Committee into a Chairman's & Nominations Committee. Chaired by Mr Burgmans, the committee consists of all six members of the Supervisory Board.

Three meetings were held in July, October and December. Agenda items for each meeting included the composition and performance of the Supervisory Board and the Executive Board. In July, the committee discussed the proposal for the composition, organisation and the terms of reference of an ad hoc Supervisory Board Strategy Committee. In December, the committee discussed the amended terms of reference of the Chairman's & Nominations Committee.

Remuneration Committee
Chaired by Ms Harris, the Remuneration Committee has four members. The committee held four meetings throughout the year. External advisors as well as internal advisors from the human resources department advised the committee on several topics.

The committee addressed a number of issues and prepared a proposal for amendments to the Executive Board remuneration policy. The policy was approved by the Supervisory Board in December 2013 and will be submitted to the 2014 Annual General Meeting of Shareholders for adoption. Refer to section IV for more information on the proposal.

Strategy Committee
The ad hoc Strategy Committee was established in July to assist the Executive Board in developing the company's strategy. The committee has three members and is chaired by Ms Harris. Three meetings were held between September and December. In between committee meetings, members of the committee participated in several ad hoc meetings to support the development of the updated strategy, *Outlook*. The committee reviewed the progress on the various divestment processes and discussed the basis and requirements of the longer-term strategic agenda of TNT Express. The members regularly reviewed and challenged the strategy's approach and intermediate findings and conclusions with specific attention given to risks and opportunities, the competitive landscape, coherence with market trends and impact on financial performance.

INTERNAL ORGANISATION

Evaluation
In December, the Supervisory Board approved the proposal to appoint an external facilitator to support the Supervisory Board's self-assessment process in the first quarter of 2014.

Composition
In 2013, the Supervisory Board of TNT Express consisted of six members. Refer to page 41 for the names and biographies of the members of the Supervisory Board. A detailed overview of their diversity and competences is provided on the following page.

In view of his potential nomination for the Executive Board of TNT Express, Mr Gunning resigned from the Supervisory Board on 25 February 2013. In April, the Annual General Meeting of Shareholders appointed Mr Vollebregt as a new member, following his nomination by the Supervisory Board. The Supervisory Board considered that Mr Vollebregt satisfied both the individual profile and the collective set of expertise, skills and competences required for a member of the Supervisory Board. In particular his international business experience and acumen in logistics and network optimisation were considered of great value to TNT Express. Mr Vollebregt's nomination followed a recommendation by TNT Express' largest shareholder, PostNL N.V. The Supervisory Board resolved that Mr Vollebregt qualified as an independent member in accordance with the Dutch Corporate Governance Code.

Conflict of interest
No transaction involving a conflict of interest between TNT Express and a member of the Supervisory Board or the Executive Board was reported in 2013.

Induction and training
As a new member of the Supervisory Board, Mr Vollebregt attended a full-day and evening induction programme in June 2013. Senior management informed Mr Vollebregt of matters and developments that are important to TNT Express. Mr Vollebregt also visited TNT Express' European road network hub

in Duiven, the Netherlands. The induction programme was attended by two other members of the Supervisory Board and the CEO.

External advice

In 2013, the Supervisory Board obtained independent professional advice on the (termination of) UPS' merger offer, on the search and selection of candidates for the position of CEO and on remuneration-related matters.

Competences and Diversity

During 2013, each member of the Supervisory Board was capable of assessing the broad outline of the tasks and responsibilities of the Supervisory Board. In their designated roles, each member had specific expertise to fulfil the duties assigned to him or her. Collectively, the Supervisory Board covered all required expertise, skills and competences to fulfil its duties. The competencies and diversity overview below provides more detailed information.

Supervisory Board competencies and diversity overview

General competencies

	Executive skills/ experience	International experience	Knowledge/ experience in logistics
Mr Burgmans	3	3	2
Ms Harris	1	3	2
Mr King	3	3	3
Mr Levy	3	3	2
Ms Scheltema	3	3	1
Mr Vollebregt	3	2	3

1 - Working knowledge; 2 - Solid experience and knowledge; 3 - Professional/expert level

Functional competencies

	Marketing & Sales	ICT	Operational Business Processes	Finance	Legal & Tax	Corporate Goverance	Social/ CR	M&A/ Investor Relations
Mr Burgmans	3	1	2	2	2	3	3	2
Ms Harris	3	1	3	2	1	2	3	3
Mr King	2	2	2	3	1	3	1	3
Mr Levy	3	2	3	3	2	3	2	3
Ms Scheltema	2	2	2	3	3	3	3	1
Mr Vollebregt	3	1	3	2	1	2	1	3

1 - Working knowledge; 2 - Solid experience and knowledge; 3 - Professional/expert level

Diversity

	Age	Gender	Nationality
Mr Burgmans	67	Male	Dutch
Ms Harris	47	Female	British
Mr King	73	Male	American
Mr Levy	66	Male	French
Ms Scheltema	59	Female	Dutch
Mr Vollebregt	59	Male	Dutch

Supervisory Board attendance

Supervisory Board attendance 2013

	Supervisory Board meetings	Audit Committee meetings	Remuneration Committee meetings	Strategy Committee meetings	Chairman's and Nominations Committee meetings	Additional ad hoc Supervisory Board meetings	Annual General Meeting of Shareholders
Mr Burgmans	7/7	-	3/4	-	3/3	6/6	1/1
Mr Gunning[1]	2/2	1/1	-	-	-	5/5	n/a
Ms Harris	7/7	5/5	4/4	3/3	3/3	6/6	1/1
Mr King	7/7	-	4/4	-	3/3	6/6	1/1
Mr Levy	7/7	5/5	4/4	-	3/3	6/6	1/1
Ms Scheltema	7/7	5/5	-	2/3	3/3	6/6	1/1
Mr Vollebregt[2]	5/5	-	-	3/3	3/3	1/1	n/a
Total % attendance	100%	100%	94%	89%	100%	100%	100%

[1]Until 25 February 2013 (assigned as CEO as of 1 June 2013).
[2]As per 10 April 2013.

Throughout 2013, each member of the Supervisory Board was able to secure sufficient time for the proper performance of his or her duties. This was confirmed by the high frequency of meetings and ad hoc conference calls in combination with a very high attendance rate, as shown in the table above.

All members were independent in accordance with principle III.2 of the Dutch Corporate Governance Code. With four male (66%) and two female (33%) members, the composition of the Supervisory Board complied with the gender diversity rules of the Dutch Management and Supervision Act (‘*Wet Bestuur en Toezicht*’).

The members represented four different nationalities. Their average age at the end of 2013 was 62, with ages ranging between 47 and 73. Most of the members possess a university degree or equivalent. Functional expertise covers finance and general management, and business experience ranges geographically from Europe and North America to Asia.

In 2013, TNT Express complied with the requirement of the Dutch Corporate Governance Code stipulating that a Supervisory Board member may not hold more than five memberships in supervisory boards of Dutch listed companies (including TNT Express), a chairmanship counting twice.

Matters pertaining to the Executive Board

CEO succession

Immediately following the withdrawal of UPS' merger offer in January, an executive search was initiated by the Supervisory Board for a CEO to take over from Mr Bot, who served as CEO ad interim since September 2012. A dedicated selection committee was established comprising four members of the Supervisory Board. The committee drew up a list of selection criteria and engaged a professional executive search firm to perform an international search. Mr Gunning was excluded from this process as he was already considered a potential candidate. Following an extensive process, the Supervisory Board found Mr Gunning to be the strongest candidate on the list of internal and external candidates, in view of his extensive international business experience in executive positions. His track record in successfully turning around businesses and delivering results and shareholder value were also considered as highly valuable to the company.

During the selection procedure for the new CEO, the Supervisory Board acknowledged the importance of a balanced composition of the Executive Board. Suitable female candidates were identified in the search process, however, they proved not to be available. As a result, the composition of the Executive Board in 2013 did not comply with the gender diversity rules recommended by the Dutch Management and Supervision Act.

Contract

In compliance with the Dutch Management and Supervision Act, which took effect in January 2013, TNT Express concluded a service agreement with Mr Gunning. The agreement is for a period of four years and ends by operation of law on 1 June 2017. Mr Bot's employment agreement remained unaffected as it already existed at the effective date of the Act. Mr Bot's employment agreement is for an indefinite period and ends either on the date of his retirement or by notice of either party, requiring a notice period of six months.

FINANCIAL STATEMENTS AND PROFIT APPROPRIATION

The 2013 (consolidated) financial statements as included in the annual report has been audited by PricewaterhouseCoopers Accountants N.V. (PwC) and presented to the Supervisory Board in the presence of the Executive Board and the external auditor. Refer to pages 143 to 146 of chapter 5 for PwC's report.

Members of the Supervisory Board have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the Dutch Civil Code ('*Burgerlijk Wetboek*'). Members of the Executive Board have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the Dutch Civil Code and article 5:25c (2)(c) of the Dutch Financial Markets Supervision Act ('*Wet op het financieel toezicht*'). Refer to page 11 of chapter 1.

The Supervisory Board recommended that the Annual General Meeting of Shareholders, to be held on 9 April 2014, adopts the 2013 consolidated financial statements of TNT Express. The Annual General Meeting of Shareholders will be asked to release the members of the Executive Board and of the Supervisory Board from liability in the exercise of their duties. Refer to page 148 of chapter 5 for the appropriation of results as approved by the Supervisory Board.

The Supervisory Board endorsed the Executive Board's view on 2013. The Supervisory Board approved the decision of the Executive Board to propose to compensate the loss out of the distributable part of the shareholders' equity and to pay a pro forma dividend out of the distributable part of the shareholders' equity. The proposed final dividend is €0.024 per share. The €0.022 per share interim dividend, together with the proposed final dividend, (€0.046 per share in total), represents a payout of 40% of normalised net income ('profit attributable to equity holders of the parent' adjusted for significant one-off and exceptional items) over the full year 2013, in line with the dividend guidelines.

The discussion of the internal control recommendations with the external auditor revealed no issues that need to be mentioned in the report of the Supervisory Board.

COMPLIANCE WITH BY-LAWS

In 2013, no decision was taken by the Supervisory Board that did not comply with its by-laws.

A WORD OF THANKS

The Supervisory Board wishes to thank the Executive Board and all employees of TNT Express for their contributions in 2013.

Supervisory Board
Antony Burgmans
Mary Harris
Roger King
Shemaya Levy
Margot Scheltema
Sjoerd Vollebregt

Hoofddorp, 18 February 2014

III. CORPORATE GOVERNANCE

The Supervisory Board of TNT Express currently consists of six members.

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

Non-executive board member of BP plc. (UK); chairman of the supervisory board of Intergamma B.V.; member of the supervisory boards of AkzoNobel N.V., AEGON N.V., SHV Holdings N.V. and Jumbo Supermarkten B.V.; and former chairman and CEO of Unilever N.V. and plc.

- Chairman of the Chairman's & Nominations Committee
- Member of the Remuneration Committee

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

Independent supervisory board member of Scotch & Soda B.V., non-executive director at J. Sainsbury plc.; member of the supervisory board of Unibail-Rodamco; and former member of the supervisory board of TNT N.V.

- Chairman of the Remuneration Committee and Strategy Committee
- Member of the Audit Committee and Chairman's & Nominations Committee

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

Non-executive director of Orient Overseas International Ltd.; former member of the Supervisory Board of TNT N.V.; former president and CEO of Sa Sa International Holdings Ltd.; former chairman and CEO of ODS System-Pro Holdings Ltd.; former MD and COO of Orient Overseas International Ltd. and former non-executive director of Arrow Electronics, Inc. Honorary Consul, Republic of Latvia in HKSAR, Adjunct Professor of Finance at Hong Kong University of Science and Technology.

- Member of the Remuneration Committee and Chairman's & Nominations Committee

S. (Shemaya) Levy
(1947, French) Vice-Chairman
Initial appointment 2011
Current term of office 2013-2017

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

- Chairman of the Audit Committee
- Member of the Remuneration Committee and Chairman's & Nominations Committee

M. (Margot) Scheltema
(1954, Dutch)
Initial appointment 2011
Current term of office 2013-2017

Non-executive director of Lonza plc. (Switzerland); vice-chairman of the supervisory board of Triodos Bank; member of the audit committee and supervisory board of ASR Verzekeringen; member of the supervisory boards of Schiphol Group, Stichting Rijksmuseum and Warmtebedrijf Rotterdam N.V.; external member of the audit committee of Stichting Pensioenfonds ABP; member of the board of World Press Photo; treasurer of Onze Taal Association; and council at the Enterprise Chamber of the Court of Appeal.

- Member of the Audit Committee, Chairman's & Nominations Committee and Strategy Committee

Sj. S. (Sjoerd) Vollebregt
(1954, Dutch)
Initial appointment 2013
Current term of office 2013-2017

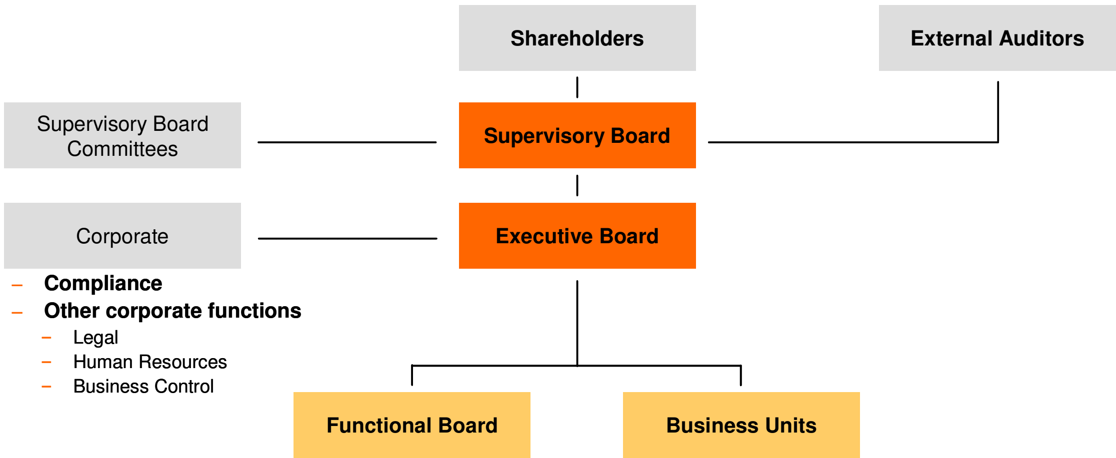
Chairman and chief executive officer of Fokker Technologies B.V., previously held positions as chairman of the board of management and CEO of Stork B.V., executive board member and deputy chief executive Freight Forwarding & Technology Division America-Europe of Exel plc. (London) and as regional chief executive Central & Eastern Europe, member of the Logistics board of Ocean plc. (London).

INTRODUCTION

TNT Express aspires to high standards of corporate governance. Over the last years, it has sought to constantly enhance and improve its corporate governance standards and framework, emphasising transparency, in accordance with applicable laws and regulations.

This section contains an overview of the corporate governance of TNT Express N.V. It also includes the information and statements that must be provided according to the Dutch governmental decree of 20 March 2009 (Stb. 2009, 154). The overview provides a selection of the relevant rules and regulations. Refer to TNT Express' corporate website (www.tnt.com/corporate) to view the full text of TNT Express' internal regulations, including its Articles of Association.

Corporate governance changes compared to 2012 include the introduction of a new Strategy Committee of the Supervisory Board, the transformation of the Supervisory Board's Nominations Committee into a Chairman's & Nominations committee, and the formation of a compliance function comprising Internal Audit, Internal Control, Risk Management, Business Ethics and Export Control.



Internal regulations, policies and processes, including:

- Articles of Association
- Business Principles
- By-laws Supervisory Board
- By-laws Executive Board
- COSO – ERM[4]
- Key controls/CWC[5]
- Company policies
- Corporate responsibility standards

External regulations, including:

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

General

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

As illustrated in the diagram above, the Executive Board is supported by a Functional Board, the managing directors of the business units and dedicated functions responsible for compliance, financial reporting, legal, human resources and business control. Refer to page 47 for a description of the composition of the Functional Board.

TNT Express' corporate governance structure and processes are based on external regulations (including the Dutch Civil Code, Dutch Financial Markets Supervision Act, Dutch Corporate Governance

[4] COSO – ERM: Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management (ERM).
[5] Company Wide Controls.

Code and NYSE Euronext listing rules) complemented by its Articles of Association, Business Principles, by-laws, controls and policies based on external legal and regulatory obligations, and internationally recognised corporate responsibility standards.

In the second half of 2014, TNT Express will adjust to a new executive structure.

SUPERVISORY BOARD

General

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

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

Each member of the Supervisory Board must be capable of assessing the broad outline of the tasks and responsibilities of the Supervisory Board. Collectively, the Supervisory Board needs to cover all required expertise, skills and competencies to fulfil its duties with each member having the specific expertise required to fulfil the duties assigned to his or her designated roles. Each member should secure sufficient time available for the proper performance of their duties and ensure independence in accordance with principle III.2 of the Dutch Corporate Governance Code.

Composition of the Supervisory Board

TNT Express' Articles of Association stipulate that the Supervisory Board consists of a minimum of three members. The Supervisory Board has discretion on the number of its members. The Supervisory Board has prepared a profile, which is evaluated annually, of its size and composition, taking into account the nature of TNT Express' business and activities and the desired expertise and background of the members of the Supervisory Board. The profile is attached to the by-laws of the Supervisory Board which can be viewed on TNT Express' corporate website (www.tnt.com/corporate).

The Dutch Management and Supervision Act, which came into effect as per 2013, requires that large legal entities should strive to have a balanced distribution on its Executive Board and Supervisory Board, with at least 30% of the seats occupied by women, and at least 30% by men.

Conflict of interest

If a member of the Supervisory Board becomes aware of any significant (potential) conflict of interest, the member must report this immediately to the chairman, providing all relevant information. If the (potential) conflict concerns the chairman, he must report to the vice-chairman. A decision to enter into a transaction involving such a conflict of interest requires the approval of the Supervisory Board.

External advice

Members of the Supervisory Board are permitted to obtain independent professional advice at the expense of TNT Express.

Appointment and removal

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

A member of the Supervisory Board must resign no later than at the end of the general meeting of shareholders held four years after his or her last appointment. The members of the Supervisory Board must resign periodically in accordance with a rotation plan drawn up by the Supervisory Board. The rotation plan is attached to the by-laws of the Supervisory Board which can be viewed on TNT Express' corporate website (www.tnt.com/corporate). A resigning member of the Supervisory Board may be reappointed. A member of the Supervisory Board may be appointed for a maximum of three four-year terms. The general meeting of shareholders may suspend or remove any member of the Supervisory Board at any time. A resolution of the general meeting of shareholders to suspend or remove a member of the Supervisory Board other than in accordance with a proposal of the Supervisory Board requires an absolute majority of votes representing at least one-third of the issued share capital.

Chairman and Corporate Secretary

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

Committees of the Supervisory Board

To facilitate its functioning, the Supervisory Board may appoint standing and/or ad hoc committees from among its members. The responsibilities and composition of any committee are determined by the Supervisory Board. The Supervisory Board must, in any event, appoint an Audit Committee, a Remuneration Committee, and a Nominations Committee. The powers of the committees are based on a mandate from the Supervisory Board and do not include the right to decision making. The Supervisory Board shall remain collectively responsible for decisions prepared by its committees. The TNT Express Supervisory Board has currently formed an Audit Committee, a Remuneration Committee, a Strategy Committee, and a Chairman's & Nominations Committee. The terms of reference of these committees can be viewed on TNT Express' corporate website (www.tnt.com/corporate).

Audit Committee

The Audit Committee is charged with assisting the Supervisory Board in monitoring and advising on: the integrity of TNT Express' financial and corporate responsibility reporting and reporting processes; its financing and finance-related strategies; its system of internal control and financial reporting and its system of risk management. The Audit Committee reviews the independence of the external auditor and the functioning of internal audit, tax planning and compliance with relevant primary and secondary legislation and codes of conduct. The Audit Committee has the authority to retain independent advisors as it deems appropriate. The Audit Committee consists of at least three members of which each must be financially literate. At least one member must have an accounting background or related financial management expertise.

Remuneration Committee

The Remuneration Committee is tasked with the preparation of the Executive Board and Supervisory Board remuneration policy, which policies are submitted by the Supervisory Board to the general meeting of shareholders for adoption. The committee also makes proposals to the Supervisory Board for the remuneration of the individual members of the Executive Board. In addition, the committee prepares the allocation of rights to shares in TNT Express' share capital to other senior management within TNT Express. This allocation is effectuated by the CEO and is subject to approval by the Supervisory Board.

Strategy Committee

The Strategy Committee is an ad hoc committee of the Supervisory Board. Its purpose is to assist the Executive Board in developing and implementing strategy by acting as a sounding board, including debating and challenging the approach, findings and risks of strategies developed by the Executive Board. The formulation of the strategy remains the exclusive responsibility of the Executive Board, and approval of the strategy and the assessment of the associated risks rest with the Supervisory Board. The Strategy Committee commenced in July 2013 and will be effective at least until April 2014.

Chairman's & Nominations Committee

In 2013, the Nominations Committee was transformed into the Chairman's & Nominations committee. The committee develops selection criteria and appointment procedures for members of the Supervisory Board and the Executive Board. It establishes procedures to secure adequate succession of members of the Executive Board and to assess such candidates as well as the size and composition of the Supervisory Board and the Executive Board. It also creates proposals for the profile of the Supervisory Board, reviews the functioning of individual members of the Supervisory Board and of the Executive Board. It reports its findings to the Supervisory Board. The committee also makes proposals for nominations, appointments and reappointments. At least on an annual basis, the size and composition of the Supervisory Board and the Executive Board and the functioning of their individual members are assessed by the committee and discussed by the Supervisory Board. In addition to the above, the Chairman’s & Nominations Committee provides a platform for members of the Supervisory Board to give an opinion on any relevant matter or to bring any appropriate issue to the attention of the chairman. The committee consists of all six members of the Supervisory Board and is chaired by the chairman of the Supervisory Board.

EXECUTIVE BOARD

The Executive Board of TNT Express currently consists of two members.

Tex Gunning
(1950, Dutch)
Appointment - 2013
Current term of office 2013 - 2017

Mr Gunning was appointed to the Executive Board and designated as CEO as per 1 June 2013. He was a member of the Supervisory Board of TNT Express N.V. until 25 February 2013; former member of the executive board of AkzoNobel N.V.; former business group president of Unilever N.V. and plc.; former chairman and CEO of Vedior N.V.

- Mr Gunning is a member of the Supervisory Board of Royal FrieslandCampina N.V.

Bernard Bot
(1966, Dutch)
Appointment - 2011
Current term of office 2011 - 2015

Mr Bot has been a member of the Executive Board and CFO of TNT Express N.V. since 2 March 2011. From 24 September 2012 to 1 June 2013, he held the position of interim CEO. From August 2010 until its demerger in 2011, Mr Bot was acting CFO of TNT N.V.
He joined TNT N.V. in 2005 as Group Business Control Director. Before TNT N.V., he was employed at McKinsey & Company for 13 years, where he was a partner serving clients in the post, logistics and transportation sectors.

- Mr Bot is a member of the Supervisory Board of Avio-Diepen B.V.

General

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

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

Appointment and removal

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

The general meeting of shareholders may suspend or remove any member of the Executive Board. A resolution of the general meeting of shareholders to suspend or remove a member of the Executive Board other than pursuant to a proposal by the Supervisory Board requires an absolute majority of votes representing at least one-third of the issued share capital of TNT Express. The Supervisory Board may also suspend any member of the Executive Board. The general meeting of shareholders may terminate a suspension by the Supervisory Board at any time.

Conflict of interest

If a member of the Executive Board becomes aware of any significant (potential) conflict of interest, he must report this immediately to the chairman of the Supervisory Board and to the other members of the Executive Board, providing all relevant information If a conflict of interest is established, the company will be represented by another member of the Executive Board or by a member of the Supervisory Board appointed by the Supervisory Board for this purpose. A decision to enter into a transaction involving a conflict of interest with a member of the Executive Board that is of (material) significance to TNT Express or to the relevant member requires the approval of the Supervisory Board. No such transactions were entered into in 2013.

Contract

The legal relationship between TNT Express and a member of the Executive Board is to be classified as an agreement to provide services under civil law, which exists in addition to their relationship under company law. The Executive Board member does not enjoy protection under employment law, such as the right to compensation in case of dissolution or unfair dismissal. However, if a member of the Executive Board operates under an employment agreement already existing on 1 January 2013, the relationship with the company is regarded as an employment agreement. If it was concluded for an indefinite period of time, the agreement ends either on the date of retirement or by notice of either party, requiring a notice period of six months.

Issuance of shares

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

The Executive Board has also been designated by the general meeting of shareholders as competent body to restrict or exclude pre-emptive rights upon issuance of ordinary shares (including the granting of rights to subscribe for ordinary shares) until 10 October 2014. A resolution of the Executive Board to issue ordinary or preference shares, or to grant rights to subscribe to shares, is subject to the approval of the Supervisory Board.

Acquisition of own shares

The general meeting of shareholders authorised the Executive Board to acquire fully paid-up ordinary shares in the capital of the company through a purchase on the stock exchange or otherwise for a term of 18 months until 10 October 2014, up to 10% of the nominal amount of its total issued and outstanding share capital. The acquisition can take place for a price per share of at least the nominal value and at most the quoted ordinary share price plus 10%. The quoted share price is the average of the closing prices of an ordinary share according to the 'Official Price List of Euronext Amsterdam N.V.' for a period of five trading days prior to the day of repurchase. A resolution of the Executive Board relating to the acquisition of own shares is subject to the approval of the Supervisory Board.

FUNCTIONAL BOARD

The Functional Board of TNT Express supports the Executive Board in its oversight of operations and implementation of the company's strategy. The Functional Board currently has nine members: the CEO, the CFO, and seven members drawn from key functions (finance, human resources, ICS, marketing & strategy, networks, operations and sales) to ensure that TNT Express is managed as an integrated global business.

PREVENTION OF INSIDER TRADING

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

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

As for members of the Executive Board, only Mr Bot holds shares in TNT Express. As of 31 December 2013, the total numbers of shares held was 33,749. This excludes any granted rights on (phantom) shares allocated to members of the Executive Board under any of TNT Express' equity plans and/or any participation in the Executive Board's variable compensation scheme.

As for members of the Supervisory Board, only Mr Vollebregt holds shares in TNT Express. As of 31 December 2013, the total number of shares held was 10,052.

FOUNDATIONS OF TNT EXPRESS' CORPORATE GOVERNANCE

The Executive Board is committed to a high standard of corporate governance, information and disclosure, in line with the Dutch Corporate Governance Code and with regulatory requirements. The Executive Board's compliance statement relative to the Dutch Corporate Governance Code and the Dutch Financial Markets Supervision Act ('AFM') can be found on page 11.

COMPLIANCE

In 2013, the Internal Audit, Internal Control, Risk Management, Business Ethics, and Export Control functions were grouped together into one compliance function, under the responsibility of the compliance director.

Internal Audit

The Internal Audit function provides assurance and advice on the quality of governance, risk management and internal control processes company-wide. Its risk-based audit approach is designed to add value and improve the operations of TNT Express by ensuring that controls are being applied effectively and control gaps are addressed. Internal Audit strives to align the cost of control with the size and type of risk and the risk appetite of TNT Express. Internal Audit carries out operational, financial, ICS, compliance, project and corporate responsibility audits within its risk-based approach. The TNT Express audit environment consists of business entities, head office functions, projects and processes. When not selected on the basis of risk each year, the small and medium entities in the risk scope are selected on a rotation basis with the objective of ensuring all entities are audited within a four-year period. The external auditor, compliance director and the Audit Committee are aligned in defining the tasks and plans of the Internal Audit function.

Internal Control

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

In addition, the approach is based on the principles outlined in Auditing Standards (AS) 2 and takes into account certain elements of the AS 5 as promulgated by the Public Companies Accounting Oversight Board (PCAOB). However, TNT Express' approach to ICFR does not imply an assessment of the adequacy and effectiveness of TNT Express' internal control and risk management processes over financial reporting under section 404 of the Sarbanes-Oxley Act, nor is there an assessment by TNT Express' external auditor to that effect.

Throughout 2013, TNT Express documented and evaluated the design of ICFR. In addition, TNT Express continued a comprehensive programme of testing the operational effectiveness of its ICFR. Further initiatives on entity-level controls were undertaken, including integrity awareness and training and reinforcement of policies and procedures. In 2013, the Executive Board engaged the external auditor to perform specific agreed-upon procedures on the ICFR process in all entities included in the scope of the ICFR programme. The Executive Board believes that this approach develops the discipline needed to maintain and embed ICFR across the company. The findings of the external auditor were reported to the Executive Board and the Audit Committee of the Supervisory Board.

Risk Management

TNT Express has a continuous, formal and structured risk management and reporting system in place. Refer to section V for more information.

Business Ethics

The Business Ethics function manages the policies, procedures and cases related to ethics issues such as conflicts of interest, gifts and entertainment, fraud, whistleblowing and disciplinary actions. Guidance on business ethics is set out in the TNT Express Business Principles and related policies and procedures. The Business Principles are embedded in the strategic and operational decision-making processes and in customer and supplier contracts. To promote compliance, communication and training are rolled out in all business units globally. The procedure on whistleblowing is a crucial complement to this framework. The Business Principles can be viewed on TNT Express' corporate website (www.tnt.com/corporate).

Export Control

Export controls are important to an international transportation company operating across the globe. TNT Express has embedded screening activities in its processes to ensure screening of all stakeholders, in particular parties to a tendered shipment, against applicable export control and sanctions denied parties lists. The export control function manages the policies, provides advice and coordinates other control activities including export control regulated items, dual use, technical data, payments, and dual nationals.

OTHER CORPORATE FUNCTIONS

Legal

TNT Express' Legal function facilitates its operations, supports its business and protects its interests. The Legal function handles legal matters that may arise in the business and aims to ensure that the organisation adheres to applicable laws and regulations and practices a high standard of governance.

Human Resources

TNT Express' Human Resources (HR) function is responsible for attracting, selecting, training, assessing and rewarding employees. It oversees leadership and culture and ensures compliance with employment and labour laws. The HR function supports the business and adds value by building a consistent approach to people management throughout the company. TNT Express has a governance framework in place for HR procedures and processes.

Business Control

The Business Control function is responsible for managing TNT Express' planning and control cycle and for reviewing and prioritising capital investments. It defines the reporting requirements and prepares analyses to understand and explain the business factors and circumstances that drive the results. It is also responsible for managing the overall TNT Express transfer pricing framework with a focus on analysis, transfer price setting as well as maintenance of and enhancements to transfer pricing systems and processes.

EXTERNAL AUDITOR

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

In some instances, TNT Express may use its external auditor to provide assurance-related services where these services do not conflict with the external auditor's independence. Recent legislation and the TNT Express Policy on Auditor Independence and Pre-Approval governs how and when TNT Express may engage its external auditor. Refer to www.tnt.com/corporate for more information.

The Audit Committee is required to pre-approve, supported by the compliance director, all services to be provided by the external auditor, to assure that these do not impair the auditor's independence from TNT Express.

Once every three years, the Audit Committee and the Executive Board are required to conduct a thorough assessment of the functioning of the external auditor. The last assessment was conducted in 2013. The lead engagement partner is present at the general meeting of shareholders and may be questioned with regard to his statement on the fairness of the financial statements. The lead engagement partner, other key audit partners, and the quality (review) partner of the external auditor are rotated after a maximum period of seven years. From 2011, the lead engagement partner of PwC in charge of the TNT Express account is Mr Dekkers.

DUTCH CORPORATE GOVERNANCE CODE

The corporate governance structure of TNT Express is based on the requirements of the Dutch Civil Code, laws, TNT Express' Articles of Association, internal procedures, and the rules and regulations applicable to companies listed on the NYSE Euronext stock exchange. By applying the best practice provisions and explaining deviations, TNT Express complies with the Dutch Corporate Governance Code. An explanation is given below for those instances in which TNT Express does not fully comply with the best practice provisions of the Code. The full text of the Code and the TNT Express Articles of Association and other relevant internal regulations can be viewed in the Corporate Governance section on TNT Express' corporate website (www.tnt.com/corporate).

Best practice provision II.2.8

This provision stipulates that the remuneration of a member of the board of management, in the event of dismissal, may not exceed one year's compensation (the 'fixed' remuneration component), or, if the one year's compensation would be manifestly unreasonable in case of a dismissal during the first term of office, a maximum of twice the annual compensation. TNT Express deviates from this best practice by awarding to the current members of the Executive Board a severance payment in case of a change of control equalling the sum of the last annual base compensation and pension contribution plus the average bonus received over the last three years, multiplied by a maximum of two. TNT Express believes that such payment is reasonable taking into account the special position of members of the Executive Board in a change of control situation. Also, in such an event, the Supervisory Board may decide that performance shares vest in whole or in part.

Best practice provision IV.1.1

This provision stipulates that a company's general meeting may pass a resolution to set aside the binding nature of a nomination for the appointment of a member of the board of management or of the supervisory board and/or a resolution to remove a member of the board of management or of the supervisory board by an absolute majority of the votes cast, which majority may be required to represent a proportion of the issued capital which proportion may not exceed one-third; if this proportion of the capital is not represented at the meeting, but an absolute majority is in favour of any such resolution, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast regardless of the proportion of the capital represented at the meeting.

TNT Express applies this best practice provision except for a minor deviation: for a resolution to appoint a member of the Executive Board or of the Supervisory Board other than in accordance with a nomination by the Supervisory Board, there is no second meeting allowed in which the requirement of one-third of the capital can be set aside. TNT Express deviates from this best practice provision for reasons of stability and continuity.

SHAREHOLDERS

General meetings of shareholders

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

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

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

Agenda
Shareholders representing solely or jointly at least 1% of TNT Express' issued share capital have a right to request the Executive Board and the Supervisory Board to include items on the agenda of the general meeting of shareholders. The Executive Board and the Supervisory Board must agree to these requests if received at least 60 days prior to the date of the general meeting of shareholders, provided that the reasons for the request are stated and the request – or proposed resolution – is received in writing by the chairman of the Executive Board or the Supervisory Board.

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

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

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

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

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

Major shareholders
The Dutch Financial Markets Supervision Act imposes a duty on shareholders to disclose substantial percentage holdings in the capital and/or voting rights in a company when such holdings reach, exceed or fall below 3%, 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. As per 31 December 2013, the register of AFM disclosed that PostNL N.V. and Arnhold and S. Bleichroeder Holdings, Inc. have a substantial percentage holding in TNT Express N.V. exceeding 5%.

FOUNDATION

'Stichting Continuïteit TNT Express' (the 'Foundation') was established to promote the interests of TNT Express, the enterprise affiliated with TNT Express and all stakeholders involved. These objects include protecting TNT Express as much as possible from influences that are contrary to those interests and could jeopardise the continuity, independence or identity of those interests. The Foundation must endeavour to achieve these objects by acquiring and holding preference shares and by exercising the rights attached to those preference shares. The objects of the Foundation do not entail the sale or

encumbrance or other disposal of shares, with the exception of the sale to TNT Express or to another company assigned by and affiliated in a group with it, as well as the assistance in the repayment or withdrawal of preference shares.

The Foundation is an independent legal entity in the sense of section 5:71 paragraph 1 sub c of the Dutch Financial Supervision Act.

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

The Foundation may exercise the call option for certain reasons, including:

- to prevent, slow down or otherwise complicate an unsolicited takeover bid for, and an unsolicited acquisition of ordinary shares by means of an acquisition at the stock market or otherwise;
- to prevent and countervail concentration of voting rights in the general meeting of stakeholders; and
- to resist unwanted influence by and pressure from shareholders to amend the strategy of TNT Express;

and with respect to the foregoing, to give TNT Express the opportunity to consider and to explore possible alternatives and, if required, to work these out and to implement them, in the event an actual or threatening concentration of voting rights arises among the shareholders, which, according to the (provisional) judgement of the Executive Board and the Supervisory Board and the board of the Foundation, is considered to be unsolicited and not in the interest of TNT Express and its enterprise, and to enable TNT Express to do so by (temporarily) neutralising such concentration of voting rights.

As from six months after the issuance of the preference shares to the Foundation, the Foundation may require TNT Express to convene a general meeting of stakeholders to propose cancellation of the preference shares against repayment of the paid amount. If preference shares are issued, TNT Express must convene a general meeting of stakeholders, to be held no later than 12 months after the date on which the preference shares were issued for the first time or 60 days after the Foundation has demanded the cancellation of its preference shares. The agenda for that meeting of stakeholders must include a proposal for a resolution relating to the repurchase or cancellation of the preference shares.

TNT Express has granted the Foundation the right to file an application for an inquiry into the policy and the course of events of TNT Express with the Enterprise Chamber of the Amsterdam Court of Appeal (*'Ondernemingskamer'*). TNT Express believes that this may be a useful option, amongst others, in the period before the issuance of preference shares as it does not cause a dilution of the rights of other shareholders. To enable the Foundation to function properly, the Executive Board holds meetings with the Board of the Foundation on a regular base.

The members of the board of the Foundation are Mr Bouw (chairman), Mr Tiemstra and Ms Tonkens-Gerkema. All members are independent from TNT Express. The Foundation has its official seat in Amsterdam, the Netherlands, with its address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands.

IV. REMUNERATION REPORT

REMUNERATION GOVERNANCE

The Supervisory Board proposes the remuneration policy for adoption by the general meeting of shareholders. The contracts of the members of the Executive Board are drawn up by the Supervisory Board in accordance with this policy. The Remuneration Committee is responsible for assessing and preparing the remuneration policy of the Executive Board. The committee prepares its proposals independently, after careful consideration.

TNT Express' remuneration policy complies with all relevant Dutch legal requirements and the Dutch Corporate Governance Code. The single deviation from the best practice provisions of the Code is related to a change of control and is explained on page 50. In preparing the remuneration policy, the Remuneration Committee takes into account the difference between the highest paid and the lowest paid employee, and the remuneration of senior management reporting to the Executive Board in order to ensure a consistent and aligned remuneration practice within TNT Express.

REMUNERATION POLICY

The objective of the remuneration policy is to retain, motivate and attract qualified and high calibre members of the Executive Board, with an international mindset and background essential for the successful leadership and effective management of a large international company. The remuneration policy aligns the objectives of all stakeholders, is performance-based and aims to stimulate well-balanced long-term management behaviour. The remuneration policy of other senior management is aligned with the remuneration policy of the Executive Board.

The remuneration structure for members of the Executive Board is designed to balance short-term operational performance with the long-term objectives of TNT Express and value creation for its shareholders. The remuneration package consists of:
- base compensation;
- variable income: direct and deferred compensation (dependent on performance relative to preset company targets); and
- pension provisions.

In order to provide a consistent review of the total level and structure of remuneration, the components of the remuneration package, and the total compensation of the members of the Executive Board are benchmarked every three years against a European reference group, with an additional assessment against a Dutch peer group, unless the Supervisory Board decides otherwise. A benchmark test was executed at the end of 2013. Refer to the 'Benchmark test' section in this chapter for more information.

In 2013, no changes were made to the TNT Express remuneration policy for the Executive Board.

REMUNERATION – 2013

In 2013, members of the Executive Board received a base compensation, a variable component (short-term incentive, consisting of the equity component only; and long-term incentive), a temporary allowance for ad interim appointment (if applicable), other periodic compensation, and contributions to pension provisions.

The reported 2013 remuneration of Mr Gunning represents income received as of 1 June 2013, the starting date of his assignment as CEO. Mr Seyger's reported remuneration represents income received during his term as CFO ad interim, which ended on 31 May 2013. Refer to note 19 in chapter 5 for more information.

The following table highlights the elements of the 2013 remuneration for the individual members of the Executive Board:

Total remuneration - Executive Board

	Financial year	Base compensation	Temporary allowance[5]	Other periodic paid compensation[6]	Pension costs	Accrued for short-term incentive	Accrued for long-term incentive	One-off employer tax[7]	Total
Current members									
Tex Gunning[1]	2013	437,500	0	20,099	109,375	0	0	65,593	632,567
Bernard Bot[2]	2013	500,000	104,167	59,385	168,363	40,466	40,149	89,045	1,001,575
Bernard Bot	2012	500,000	62,500	52,258	134,582	114,876	0	67,133	931,349
Former members									
Jeroen Seyger[3]	2013	100,540	112,071	14,582	23,707	3,739	30,586	23,282	308,507
Jeroen Seyger	2012	53,479	67,243	8,877	11,598	10,651	0	9,091	160,939
Marie-Christine Lombard[4]	2012	562,500	0	159,378	211,140	0	0	69,168	1,002,186

[1] As of 1 June 2013, Mr Gunning was assigned as CEO.
[2] In 2013, Mr Bot was CEO ad interim from 1 January through 31 May, he remained CFO as of 1 June.
[3] In 2013, Mr Seyger was CFO ad interim from 1 January through 31 May, the reported amounts relate to his income as CFO ad interim. In 2012, Mr Seyger was CFO ad interim as of 8 October.
[4] Ms Lombard resigned from the company as of 1 October 2012.
[5] A temporary quarterly allowance is paid for the duration of the interim appointment of Mr Bot as CEO and Mr Seyger as CFO.
[6] Other periodic paid compensation includes company costs related to tax and social security, company car and other costs.
[7] According to Dutch tax law a one-off employer tax was applied. Refer to note 19 in chapter 5 for more details.
(in €)

Base compensation – 2013

The base compensation of members of the Executive Board has remained unchanged since 2011. The 2013 annual base fee for Mr Gunning was €750,000 and the annual base salary for Mr Bot amounted to €500,000.

Due to his appointment as of 1 June 2013, Mr Gunning received a total base fee of €437,500. Mr Seyger acted as CFO ad interim up to 31 May 2013. From 1 January 2013 to 31 May 2013, Mr Seyger received a total base salary of €100,540.

Temporary allowance for the ad interim CEO and ad interim CFO

The temporary allowance for Mr Bot equals the difference between the base salary of the former CEO and the base salary of Mr Bot as CFO. The temporary allowance for Mr Seyger equals the difference between the base salary of Mr Bot as CFO and the base salary of Mr Seyger in his position prior to his appointment as CFO ad interim. Mr Bot and Mr Seyger received total temporary allowances of €104,167 gross and €112,071 gross, respectively, in line with the period of their ad interim appointments.

Variable income – 2013

Variable income in cash

Short-term incentive

In accordance with the remuneration policy, an 'on target' performance is rewarded with a bonus of 50% of the annual base compensation; a 'stretch' performance applies in case a 'stretch' company results' target is met, and is rewarded with an additional 25% of the annual base compensation.

In line with previous years, the focus areas for the 2013 short-term incentive were:

- 60% financial targets, comprising:
    - 70% company results
    - 30% net cash flow from continuing operations
- 40% non-financial targets (equally weighted), comprising:
    - Customers: customer satisfaction
    - Employees: management development and employee engagement
    - Sustainability: health and safety, and environment

Results relating to the financial and non-financial targets lead independently to a bonus payout.

The Supervisory Board has assessed and scored the performance against the targets and objectives set for 2013. The following table sets out the 2013 targets, their weighting, the performance achieved and the related payout:

Targets variable income - Executive Board

Target	Focus area	Weighting	Performance	Payout as a % of base salary
60% financial	Company results	70%	Target almost met	20.83%
	Net cash	30%	Target not met	0.00%
40% non-financial	Customers	33.3%	Target not met	0.00%
	Employees	33.3%	Target partially met	3.34%
	Sustainability	33.3%	Target partially met	3.34%
Total				27.51%

Taking into account the current performance and the major restructurings within the company, Mr Gunning and Mr Bot have decided to fully waive their 2013 short-term incentive entitlements.

Variable income in equity

Bonus/matching plan

A member of the Executive Board may participate in the bonus/matching plan by investing a maximum of 50% of the gross payout of the short-term incentive of the previous year in TNT Express shares. However, the investment in TNT Express shares cannot be more than the net proceeds of the bonus. After a three-year holding period, these shares will be matched on a one-to-one basis.

If the company results' target is met every year during this three-year holding period, a maximum additional match will be made on a one-to-two basis, resulting in a total award of three matching shares per invested share. If the performance is below the company results' target, no additional matching shares will be delivered for that specific year.

In 2013, only Mr Bot was eligible to participate in the bonus/matching plan. Mr Bot invested the maximum net proceeds of his 2012 bonus as allowed under the plan.

Long-term incentive

2013 Grant

The Supervisory Board can award conditional rights to TNT Express shares to members of the Executive Board under the TNT Express performance share plan. For 2013, the award was based on a value of 30% of the annual base compensation, in accordance with the remuneration policy. The actual number of rights to shares granted is determined by dividing the available amount (30% of the annual base compensation) by the fair value of the right to a share according to IFRS.

The performance shares vest after a three-year period. The actual number of shares that vest depends on the performance of the following performance measures:

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

Mr Gunning was not eligible for the 2013 award since he was not a member of the Executive Board at the time of the grant.

2012 Compensation grant

Due to the UPS offer, the Supervisory Board announced at the 2012 Annual General Meeting of Shareholders, held in April 2012, the suspension of the launch of the TNT Express performance share plan for the Executive Board and senior management. The Supervisory Board also announced that, at its discretion, the 2013 grant of performance shares may include compensating elements for the delay. The Supervisory Board decided to provide for a 2012 compensation grant in 2013 and to limit the maximum value of this compensation grant to 50% of the regular annual grant value (i.e. 50% of 30% of the annual base compensation).

The following rules apply to the 2012 compensation grant:

- the regular three-year vesting period is shortened to two years (vesting in 2015);
- the actual number of awarded compensation shares is adjusted for the 2012 performance against the non-financial targets; and
- the vesting of the awarded compensation shares is contingent on continued employment at the vesting date.

The following schedule shows the 2012 performance on the non-financial targets:

2012 performance on non-financial targets

Non-financial targets	Performance	Payout as a % of base allocation
Employees: Employee engagement	Target not met	
Employees: Management development	Target met	16.67%
Customers: Customer satisfaction	Target met	33.33%
Sustainability: Dow Jones Sustainability Index	Target met	16.67%
Sustainability: Health and safety	Target not met	
Total		66.67%

The value of the compensation grant was 10% of the annual base compensation (i.e. 50% x 30% annual base compensation x performance score of 66.67%). Mr Gunning was not eligible for this compensation award since he was not a member of the Executive Board in 2012. The actual number of rights to shares granted is determined by dividing the available amount (10% of the annual base compensation) by the fair value of the right to a share according to IFRS.

Pension – 2013

The company's pension scheme for members of the Executive Board is a career average scheme of which the main features are:
- retirement age at 65 years;
- pensionable income based on average annual base salary only;
- annual accrual rate for the old-age pension of 2.25%;
- offset for state pension at fiscal minimum;
- benefits indexed during accrual (dependent on the financial situation of the fund); and
- employee contribution to the pension scheme of 3% of base salary (contribution can be adjusted).

The scheme is applicable to Mr Bot and includes entitlement to a pension in the event of illness or disability and a spouse's and/or dependant's pension in the event of death.

Mr Gunning is not eligible to participate instead a monthly compensation of 25% of his monthly base fee is made available for a retirement provision.

The senior management pension scheme for Mr Seyger remained applicable during the period of his ad interim appointment.

Severance – 2013

The contractual severance payments for members of the Executive Board are summarised as follows:
- The TNT Express remuneration policy provides that severance payment other than related to a change of control is equal to one year's base compensation, or a maximum of two years' base compensation in the first four-year term if one year is considered unreasonable.
- In the contracts of Mr Gunning and Mr Bot, the severance payment for situations other than a change of control is limited to a maximum of one year's base compensation. For each of them, severance payment in the case of a change of control is equal to the sum of the last annual base compensation and pension contribution, plus the average bonus received over the last three years, multiplied by a maximum of two.

Other – 2013

The contracts of the members of the Executive Board include a 'claw-back' clause which will apply in case of an erroneous variable remuneration payout.

In the event of a change of control of the company, the Supervisory Board may, at its discretion, allow all or part of the Executive Board member share allocations to vest on the date on which control of the company passes. In such a case, the Supervisory Board may cap the proceeds of these shares, guided by fairness and reasonableness, at a level equal to the sum of:
- the average of the closing prices of the TNT Express share according to Euronext Amsterdam for a period of five trading days prior to the date when the first announcement to make a public offer was made; and
- 50% of the difference between the ultimate share price paid by the acquirer and the price as calculated above.

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

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

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

BENCHMARK TEST

At the end of 2013, an external party performed an extensive benchmark test against the total remuneration package for executive board members at peer companies in the European and Dutch market. Peer companies in the European reference group were the same as those used for the previous benchmark test in 2011 (see the following table). The Dutch peer group comprised of all AEX-listed companies, excluding the two largest and two smallest companies as well as companies in the financial sector.

European reference group[1]

1. Adecco SA	11. Kuehne + Nagel International AG
2. Atlantia SpA	12. Marks and Spencer plc
3. Belgacom SA	13. National Express Group plc
4. Bunzl plc	14. Österreichische Post AG
5. Delhaize SA	15. Rentokil Initial plc
6. DSV A/S	16. SAS AB
7. FirstGroup plc	17. Securitas AB
8. G4S plc	18. Serco Group plc
9. International Airlines Group SA	19. Swisscom AG
10. Kering SA	20. TUI AG

[1]Companies included in the peer group of the 2013 benchmark.

The results of the benchmark test highlighted that:
- the actual base compensation of the CEO and the CFO is below the targeted median market level in the European and Dutch labour executive markets; and
- the actual total direct compensation (the sum of base compensation + target bonus + target long-term incentive) of the CEO and the CFO is also below the targeted median level in both labour markets.

PROPOSED REMUNERATION POLICY AS OF 2014

The Supervisory Board has decided that the main principles of the current remuneration policy will remain unchanged. The policy continues to be based on performance and is aligned with the objectives of the major stakeholders. However, based on the revised strategy, with a desire to simplify the policy, and taking into account the outcome of the benchmark test, the Supervisory Board has decided to propose amendments to the short-term and long-term instruments of the variable component of the current remuneration policy. The proposed adjustments have been tested under various share price scenarios. The maximum payout under the proposed policy is similar to the payout under the current policy.

The proposed remuneration policy as of 2014 will be submitted for adoption by the Annual General Meeting of Shareholders on 9 April 2014.

Below is a description of the proposed remuneration policy.

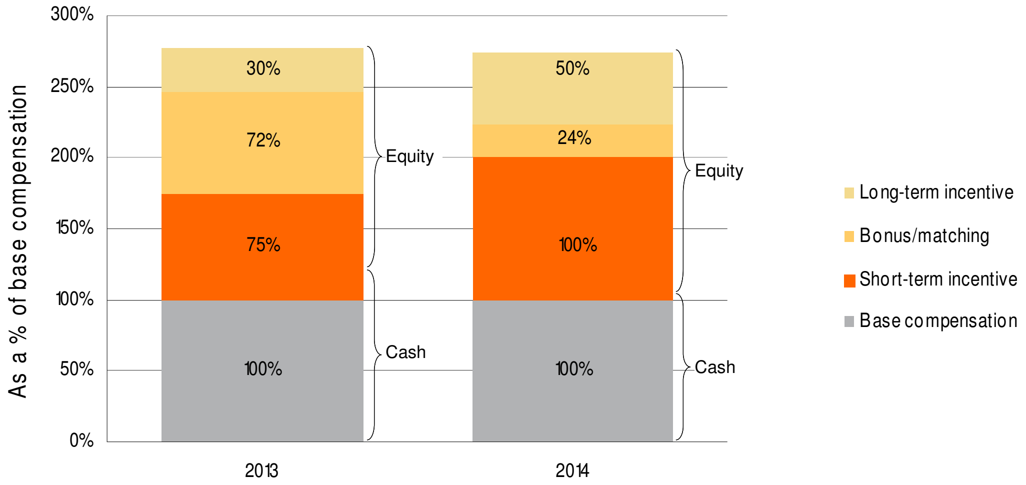
Base compensation

The remuneration policy for members of the Executive Board permits the base compensation to be adjusted in line with the average increase in the collective labour agreements adopted by the larger TNT Express entities in Europe. Although the results of the benchmark test and the developments in the collective labour agreements could lead to an increase of the base compensation, the Supervisory Board decided that the annual base compensation for members of the Executive Board will remain unchanged.

Variable income

The Supervisory Board has reviewed the current variable incentive schemes in light of the company's strategy for the upcoming years. For the variable income, the Supervisory Board proposes adjustments to the distribution over the variable incentive schemes and the related reward (cash or equity) as shown in the following graph.

Compensation distribution based on full participation in bonus/matching plan



The Supervisory Board believes that the effectiveness of the variable incentive instruments will be improved by reducing the number of targets, thus focusing on the critical areas as defined in the revised strategy. All targets and objectives are quantitative.

The variable income policy comprises the following instruments:
- short-term incentive;
- voluntary bonus/matching plan linked to short-term incentive proceeds; and
- equity-based long-term incentive to ensure alignment with long-term value creation and the interest of shareholders (the ‘TNT Express performance share plan’).

The proposed 2014 short-term and long-term incentive plans for members of the Executive Board are aligned with the variable income programmes for senior management.

Short-term incentive

The annual short-term incentive opportunity amounts to 100% of the annual base compensation for an ‘on target’ performance. The reward of the short-term incentive will be delivered as follows: 50% in cash and 50% rights to shares (locked-in for three years).

The 2014 short-term incentive entirely focuses on financial targets comprising:
- 70% company results
- 30% cash flow

Results relating to the targets lead independently to a short-term incentive payout.

In order to qualify for the short-term incentive scheme, a member of the Executive Board is required to be in service on 31 December of the relevant year.

Bonus/matching plan

A member of the Executive Board may participate on a voluntary basis in the bonus/matching plan by investing a maximum of 50% of the gross payout of the short-term incentive of the previous year in TNT Express shares. However, the investment in TNT Express shares cannot be more than the net proceeds of the bonus. After a three-year holding period, these shares will be matched on a one-to-one basis.

The matching of bonus shares occurs under the condition of continued employment and if at least 50% of the bonus shares is retained during the holding period.

Long-term incentive

The Supervisory Board can award conditional rights to TNT Express shares to members of the Executive Board under the TNT Express performance share plan. From 2014, the award is based on a value of 50% of the annual base compensation. The actual number of rights to shares granted is determined by dividing the available amount (50% annual base compensation) by the fair value of the right to a share according to IFRS.

The performance shares vest after a three-year period. The actual number of shares that vest depends on the performance of the following performance measures:

- 50% financial target: the TSR performance of the company will be measured on a three-year basis against a peer group of AEX companies (50% weighting) and of TNT Express' three main direct competitors (Deutsche Post DHL, FedEx and UPS) (50% weighting). During the three-year vesting period, the TSR data and risk profiles are compiled and reported as an index by an external data provider. After three years, the final performance of the company over the three-year period compared to the final performance of the peer group determines the number of shares to be vested (as presented in the following table).

TSR performance vesting table

% difference TNT Express' performance vs index	% of total allocation of performance shares that vest
-20%	0.00%
-15%	6.25%
-10%	12.50%
-5%	18.75%
0%	25.00%
5%	31.25%
10%	37.50%
15%	43.75%
20%	50.00%

  The performance schedule (sliding scale) is designed such that a TSR performance of the company at index level (0% difference) leads to a vesting of half of the maximum of granted rights to shares.
- 50% non-financial target(s): consisting of target(s) considered most relevant for the company during the three-year vesting period (for 2014: a customer satisfaction target).

The maximum number of shares that can vest under the plan amounts to 100% of the base allocation.

The Remuneration Committee advises the Supervisory Board on the actual number of 2014 performance shares that vest, which will be determined by the TSR performance over the period 2014 to 2017 and the performance on the non-financial targets over three calendar years preceding the vesting date.

In compliance with the Dutch Corporate Governance Code, members of the Executive Board may not sell their matching shares, performance shares or 2012 compensation shares prior to the earlier of five years from the date of grant or the end of employment. However, any sale of shares with the intent of using the proceeds to pay for the tax relating to the grant of these shares is exempted.

Pension

The company's pension scheme for members of the Executive Board is a career average scheme and is applicable to Mr Bot. Due to recent adjustments in Dutch tax legislation, as of January 2014 the main features are:

- retirement age at 67 years;
- pensionable income based on average annual base salary only;
- annual accrual rate for the old-age pension of 2.15%;
- offset for state pension at fiscal minimum;
- benefits indexed during accrual (dependent on the financial situation of the fund); and
- employee contribution to the pension scheme of 3% of base salary (contribution can be adjusted).

The pension arrangement includes entitlement to a pension in the event of illness or disability and a spouse's and/or dependant's pension in the event of death.
Mr Gunning is not eligible to participate in the company's pension scheme for members of the Executive Board. A monthly compensation of 25% of his monthly base fee is made available for a retirement provision.

Severance

The contractual severance payments for members of the Executive Board are summarised as follows:

- The TNT Express remuneration policy provides that severance payment other than related to a change of control is equal to one year's base compensation or a maximum of two years' base compensation in the first four-year term if one year is considered unreasonable.

- In the contracts of Mr Gunning and Mr Bot, the severance payment for situations other than a change of control is limited to a maximum of one year's base compensation. For each of them, severance payment in the case of a change of control is equal to the sum of the last annual base compensation and pension contribution, plus the average bonus received over the last three years, multiplied by a maximum of two.

Other

The contracts of members of the Executive Board include a 'claw-back' clause which will apply in case of an erroneous variable remuneration payout.

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

- the average of the closing prices of the TNT Express share according to Euronext Amsterdam for a period of five trading days prior to the date when the first announcement to make a public offer was made; and
- 50% of the difference between the ultimate share price paid by the acquirer and the price as calculated above.

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

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

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

Starting 1 January 2014, new Dutch legislation is applicable to the variable remuneration of executives. The Supervisory Board will observe the boundaries of such legislation.

REMUNERATION – SUPERVISORY BOARD

According to the TNT Express remuneration policy, the remuneration of members of the Supervisory Board comprises base pay and meeting fees. Members of the Supervisory Board do not receive meeting fees for regular Supervisory Board meetings. Meeting fees are paid for Supervisory Board meetings over and above the usual business calendar in order to compensate for the additional workload. The meeting fee for an additional meeting amounts to €2,500 for the chairman and €1,500 for the other members of the Supervisory Board.

The level of the remuneration of the Supervisory Board remained unchanged. The compensation of the members of the Supervisory Board will be benchmarked every three years. A benchmark test will be executed at the end of 2016, synchronous with the benchmark of the compensation of the members of the Executive Board. The 2013 remuneration for the Supervisory Board is set out in the following table:

Remuneration - Supervisory Board

		Base fee	Additional meeting fee
Supervisory Board membership	Chairman	60,000	2,500
	Member	45,000	1,500
Committees			Meeting fee
Audit Remuneration Strategy	Chairman		2,500
	Member		1,500
Chairman's & Nominations	Chairman		1,500
	Member		1,000

(in €)

The fixed travel allowance for intercontinental travel by any member of the Supervisory Board domiciled outside Europe is €2,500 for every meeting attended. For members domiciled in Europe, outside the Netherlands, the travel allowance is €1,500 for every meeting attended.

Members of the Supervisory Board do not receive any compensation related to performance and/or equity and do not accrue any pension rights with TNT Express. Members of the Supervisory Board do not receive any severance payments in the event of termination or removal by the general meeting of shareholders. TNT Express does not grant loans, including mortgage loans or guarantees, to any member of the Supervisory Board. Refer to note 19 in chapter 5 for more information.

V. RISK MANAGEMENT

Doing business inherently involves taking risks. By managing these risks, TNT Express strives to secure a sustainable performance. Therefore, TNT Express operates a risk management framework that allows management to tolerate risks in a controlled manner, which is an essential element of its corporate governance and strategy development.

The Executive Board, supported by senior management and dedicated risk management employees, is responsible for identifying, prioritising and mitigating risks and for the establishment and maintenance of a robust risk management system.

RISK MANAGEMENT FRAMEWORK

TNT Express has embedded the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) – Integrated Framework (2004) as the foundation of its risk management framework. Through the company's risk management framework and control systems (as described in section III), the Executive Board aims to provide reasonable assurance that strategic and business objectives can be achieved. The Executive Board reviews the risk management framework and the company's main risks on a regular basis. For those risks deemed to be material, comprehensive mitigating action plans are developed and reviewed on a quarterly basis to ensure that these are relevant and sufficient. At least annually, the Executive Board discusses its risk management framework and company risks with the Audit Committee and the Supervisory Board as well as with the external auditor.

Risk appetite

The Executive Board formalised the risk appetite of TNT Express using the COSO ERM risk categories and determined that the risk appetite varies between zero and moderate depending on the risk category:

Risk appetite table

Risk category	Category description	Risk appetite
Strategic risk	Risk relating to prospective earnings and capital arising from strategic changes in the business environment and from adverse strategic business decisions.	Moderate
Operational risk	Risk relating to current operational and financial performance and capital arising from inadequate or failed internal processes, people and systems or external events.	Low - moderate
Financial risk	Risk relating to financial loss due to the financial structure, cash flows and financial instruments of the business (including capital structure, insurance and fiscal structure) which may impair its ability to provide an adequate return.	Low
Compliance risk	Risk of non-compliance with relevant laws and regulations (including health and safety), internal policies and procedures.	Zero - low tolerance

Throughout 2013, the company reviewed its risk profile on a regular basis. As input, the Executive Board used the outcome of 57 risk assessments, representing input from all functional areas, 141 entities and key strategic projects.

Risk factors

This section describes the main risks facing the execution of TNT Express' strategy as outlined in section IV of chapter 1. Risks have been classified by the COSO ERM risk categories and divided into specific and inherent risks. Specific risks are risks that the Executive Board believes could negatively impact short–term to medium-term objectives. Inherent risks are risks that are constantly present in the business environment and are considered sufficiently material to require disclosure and management.

Summary of main risks

	Specific risks	Inherent risks
Strategic risks	– Flawed execution of the strategy, restructuring or other change management programmes – Risks related to closure or disposal of certain businesses – Negative operational impact of a takeover bid	– Deterioration of economic conditions – Changing customer preferences or shipping patterns – Intensifying competition in the CEP market
Operational risks	– Inaccurate forecasting of infrastructure requirements – Loss of or unavailability of suitable key suppliers or subcontractors – Failures in key infrastructures and networks – Potential impact of accidents and incidents	– Increase in security requirements – Impact of natural disasters and health epidemics – Increase in fuel prices and energy costs
Financial risks	– Proportionate but significant influence of major shareholders – Inadequate insurance coverage	– Volatility in the financial market
Compliance risks		– Negative exposure from (changes in) regulatory, political and other environments, especially in emerging markets – Non-compliance with company policies, and/or external laws and regulations – Negative outcome of various claims and lawsuits

TNT Express assesses risks according to their impact, net of the related mitigating actions. The resulting impact could comprise a material direct or indirect adverse effect on TNT Express' business, operations, volumes, financial condition and performance, reputation and/or other interests.

The risks listed are not exhaustive, and additional risks and uncertainties not presently known to TNT Express or that it currently deems immaterial, may also have or develop a material adverse effect on its business, operations, financial performance or condition, or other interests. Similarly, the mitigating actions mentioned are not exhaustive, may be ineffective and may be adjusted from time to time, and their inclusion in this section does not create any legal obligation for the company. The sequence in which these risks and mitigating actions are presented in no way reflects any order of importance, chance or materiality.

Strategic risks

Risk description	Mitigating action
Flawed execution of strategy, restructuring or other change management programmes Identified risks: – Reduced benefits due to design failures or inaccurate estimates of revenue benefits and/or cost savings – Negative staff or supplier reactions (including strikes and work stoppages) – Management distraction due to organisational and other changes – Failure to retain and attract key employees due to decreased employee engagement – Limited resources, capacity and capability – Inadequate IT capacity and capability – Deficiencies in the control environment	– Involving senior management and qualified personnel in all major projects – Performing risk assessments of major projects and following up with project audits – Closely monitoring restructuring programmes by a dedicated programme office that tracks progress and plans resources which enables timely adjustments – Proactively involving employee representative bodies at an early stage – Developing employee engagement actions based on regular employee surveys – Investing in professional learning and development programmes – Offering a work environment that enables and promotes personal development and promotion – Utilising structured succession planning and developing future leaders – Increasing investments in IT and diversification of the IT supply base (including development of alternative providers) – Proactively assessing risks and adjustments of the control environment by compliance functions
Risks associated with closure or disposal of certain businesses Identified risks: – Unexpected costs (including impairment of intangible or tangible assets), liabilities and cash outflows – Business disruption – Loss of key relationships – Loss of management and staff in affected businesses – Inability to sell business held for sale	– Carefully analysing, planning and executing closure or divestment proposals – Monitoring execution by senior management – Maintaining ongoing communication with key customers and suppliers – Maintaining transparent and frequent communication with management and staff – Paying continued attention to business performance during the disposal process
Negative operational impact of a takeover bid for TNT Express or speculations about such a bid Identified risks: – Loss of customers, supplier contracts, business opportunities and employees – Management distraction	– Establishing comprehensive corporate procedures to handle a bid situation – Providing adequate and timely information to internal and external stakeholders
Deterioration of the economy, either globally or in specific geographies Identified risks: – High volatility and/or prolonged downturns in regions in which TNT Express operates, causing decline in demand for express volumes and/or significant changes in product mix – Customers' or suppliers' solvency problems	– Closely monitoring all market developments – Implementing profit improvement programmes and other cost reducing initiatives – Further expanding TNT Express' flexible cost base – Diversifying suppliers and subcontractors – Actively monitoring customers' and suppliers' solvency – Striving for a solid capital structure reflected in a long-term credit rating target of BBB+ (Stable) by S&P and Baa1 (Negative) by Moody's

Strategic risks (continued)

Risk description	Mitigating action
Changing customer preferences or shipping patterns Identified risks: – Further shift in volumes, for example from express to economy express or from B2B to B2C services – Loss of customers if service offering no longer matches their demands – Inadequate cover of changing trade lanes	– Monitoring trends and shipping patterns – Maintaining close contact with customers – Flexibility to adjust network and local operations to meet new service requirements – Operating a company-wide service delivery improvement programme – Enhancing the company's economy express service offering – Building a selective service offering for B2C – Developing and maintaining access to third-party suppliers with complementary capabilities
Intensifying competition in the CEP market may put downward pressure on volumes and prices Identified risk: – Targeted actions by global or low-cost competitors	– Monitoring markets and competitors – Focusing on unique and tailored services – Implementing cost reductions to increase competitiveness

Operational risks

Risk description	Mitigating action
Inaccurate forecasting of infrastructure requirements such as road and air hubs, aircraft, vehicles, depots and IT Identified risks: – Costs of excess capacity – Opportunity costs of capacity constraints (growth constraints, operational disruptions, inability to meet contractual commitments, contingencies) – Inadequate airport slots, air traffic control slots, and operating flexibility	– Forecasting volumes for short, medium and long term – Developing alternative uses for capacity – Maintaining consistent, cross-functional budgeting and forecasting cycles – Sourcing from multiple suppliers locally and globally – Working with subcontractors and other third-party suppliers that have the ability to adjust their capacity in the short term – Executing network planning as core competency, with designated managers on a global and regional level
Loss of or the unavailability of key suppliers and subcontractors could impact TNT Express' ability to deliver Identified risks: – Dependency on a key supplier or subcontractor who turns insolvent or bankrupt – Asymmetric negotiations with a key supplier due to dependency	– Sourcing from multiple suppliers – Implementing contingency plans to enable seamless transfer to alternative suppliers – Screening and monitoring suppliers closely – Utilising longer-term contractual arrangements where appropriate
TNT Express' services are time-critical. Network and IT disruptions in key infrastructure facilities may lead to its inability to deliver according to customer expectations and contractual obligations Identified risks: – Disruption or breakdown of concentrated (hub) infrastructure facilities, owned or third party – Disruption in subcontractor operations – Failure of IT infrastructure and applications	– Actively monitoring and identifying potentially disruptive events – Investing in preventive measures – Implementing business continuity plans – Maintaining a global and local crisis response organisation including back-up facilities and networks

Operational risks (continued)

Risk description	Mitigating action
Accidents and incidents resulting in fatalities, injuries or damages could negatively impact TNT Express Identified risks: – Road traffic accidents – Aircraft accidents – Incidents from the transport of (hazardous) materials – Loss of consignments	– Investing in fleet, systems, procedures and training relating to health and safety – Complying with external and internal health and safety rules and policies – Reporting and analysing all accidents and incidents; ensuring continuous improvement – Executing a company-wide health and safety improvement programme and promoting a safety culture
A terrorist attack or increased security requirements could negatively affect TNT Express Identified risks: – Staff or third-party injuries or fatalities due to terrorist attack – Costs or operating restrictions due to additional or changing rules and regulations for the transportation industry	– Strictly adhering to security policies, processes, procedures and systems (including supporting training, monitoring and auditing) – Investing in security personnel and equipment – Maintaining a continuous dialogue with authorities and participating in industry associations on changes in security rules – Adding a security surcharge to mitigate cost impact
TNT Express could be adversely impacted by natural disasters and health epidemics Identified risks: – Extreme weather events affecting airports, airspace and road networks – Operational consequences and contingency costs in case of an outbreak of a contagious disease, such as H1N1 or SARS	– Actively monitoring and identifying potentially disruptive events – Maintaining a business continuity and crisis response organisation
Increase in the price of fuel, energy or CO_2 emission rights may adversely affect TNT Express Identified risk: – Large dependency on air and road transportation can result in a potentially significant impact	– Implementing company-wide fuel and energy efficiency measures – Ensuring application of fuel surcharges to mitigate cost impact

Financial risks

Risk description	Mitigating action
Major owners of TNT Express' ordinary shares could exercise proportionate but significant influence, affecting the course of the company or the trading volume and share price Identified risk: – Concentration of voting power at the general meeting of shareholders	– Regularly engaging with major shareholders – Ensuring visibility of TNT Express with target investors to promote a diversified investor base – Maintaining a corporate governance framework including Foundation call option (refer to page 51) – Ensuring compliance to the Relationship Agreement with PostNL (refer to TNT Express' corporate website: www.tnt.com/corporate)

Financial risks (continued)

Risk description	Mitigating action
Inadequate insurance coverage Identified risk: – Size and scope of insurance policy is inadequate to meet nature or size of damage claims	– Utilising an in-house captive insurance company for additional coverage – Insuring 'catastrophe exposures' externally – Retaining several external insurers with a rating of A or higher
Volatility and unfavourable movements of the financial markets may have a negative impact on TNT Express' ability to fund and cost of funding Identified risks: – Break-up of or change of eurozone and its currency – Fluctuations in exchange rates and interest rates – Downgrade of TNT Express' credit ratings	– Monitoring of capital investments in context of capital structure – Maintaining hedging arrangements to limit intragroup and external financial currency and interest exposures. Operational foreign currency cash flows are mostly not hedged – Maintaining headroom under committed longer-term revolving credit facilities – Striving for a solid capital structure reflected in a long-term credit rating target of BBB+ (Stable) by S&P and Baa1 (Negative) by Moody's – Refer to note 29 in chapter 5

Compliance risks

Risk description	Mitigating action
TNT Express' global presence exposes it to a variety of regulatory, political and other environments which may affect its business and operations, especially in emerging markets where the legal systems are in varying stages of development Identified risks: – Changes in regulatory requirements, practices and procedures, in areas such as transportation, trade, anti-trust, labour, data protection, business licensing, foreign ownership, health and safety, taxes, limited liability for loss, export controls, customs and security – Unfavourable policies and regulations related to environment and climate change – Restrictions on the use of vehicles during parts of the day or week – Underdeveloped judiciary and legal infrastructure in specific emerging markets	– Monitoring and adapting to relevant (changes in) rules and regulations – Maintaining a dialogue with authorities and participating in industry associations – Implementing continuous improvements in operations, services and processes and investments in assets – Implementing a company-wide compliance system, including training and reporting procedures
Non-compliance with internal policies and/or external laws and regulations by employees, subcontractors or third-party suppliers could result in financial losses, loss of customers, sanctions or reputational damage Identified risks: – Unwanted involvement in anti-competitive actions – Non-compliance with applicable social security or fiscal regulations – Classification of subcontractors or their employees as employees of TNT Express	– Maintaining company-wide business principles, control frameworks, compliance policies, guidelines and integrity programmes including representations and training, audits and complaints procedures – Communicating and implementing business principles and related guidelines towards subcontractors and third-party suppliers – Maintaining a global whistleblower procedure

Compliance risks (continued)

Risk description	Mitigating action
The nature of its business exposes TNT Express to the potential for claims and litigations in a wide variety of areas Identified risks: – Claims from/litigations by partners or third parties in relation to partnerships or potential partnerships, acquisitions or divestments – Customers claiming contractual obligations have not been met – Claims from public authorities and other third parties in relation to TNT Express' local operations – TNT Express may be held liable for PostNL obligations outstanding at the date of the demerger of TNT N.V. in 2011	– Maintaining company-wide business principles, legal and other control frameworks, compliance policies, guidelines and integrity programmes including representations and training, audits and complaints procedures – Enforcing a critical and expert review of contracts and actively managing potential exposures – Reporting quarterly material contracts and claims and litigations – Centrally involving senior management in claim and litigation resolution

CHAPTER 5 STATEMENTS

I. FINANCIAL STATEMENTS

Consolidated statement of financial position

	Notes	31 December 2013	variance %	31 December 2012[1]
Assets				
Non-current assets				
Intangible assets	(1)			
Goodwill		1,039		1,340
Other intangible assets		98		117
Total		1,137	(22.0)	1,457
Property, plant and equipment	(2)			
Land and buildings		448		482
Plant and equipment		163		207
Aircraft		182		40
Other		79		87
Construction in progress		19		20
Total		891	6.6	836
Financial fixed assets	(3)			
Investments in associates		1		10
Other loans receivable		3		3
Deferred tax assets	(23)	198		243
Other financial fixed assets		14		15
Total		216	(20.3)	271
Pension assets	(10)	3		1
Total non-current assets		2,247	(12.4)	2,565
Current assets				
Inventory	(4)	10		13
Trade accounts receivable	(5)	942		1,026
Accounts receivable	(5)	100		88
Income tax receivable	(23)	28		14
Prepayments and accrued income	(6)	123		129
Cash and cash equivalents	(7)	700		397
Total current assets		1,903	14.2	1,667
Assets held for disposal	(8)	100		235
Total assets		4,250	(4.9)	4,467
Liabilities and equity				
Equity	(9)			
Equity attributable to the equity holders of the parent		2,413		2,610
Non-controlling interests		7		7
Total equity		2,420	(7.5)	2,617
Non-current liabilities				
Deferred tax liabilities	(23)	15		31
Provisions for pension liabilities	(10)	93		124
Other provisions	(11)	69		106
Long-term debt	(12)	176		191
Accrued liabilities		3		3
Total non-current liabilities		356	(21.8)	455
Current liabilities				
Trade accounts payable		440		439
Other provisions	(11)	121		66
Other current liabilities	(13)	279		297
Income tax payable	(23)	96		44
Accrued current liabilities	(14)	477		504
Total current liabilities		1,413	4.7	1,350
Liabilities related to assets held for disposal	(8)	61		45
Total liabilities and equity		4,250	(4.9)	4,467

[1]For comparative purposes 2012 numbers have been restated to reflect the impact of IAS 19R.

(in € millions, except percentages)

The accompanying notes form an integral part of the financial statements.

Consolidated income statement

Year ended at 31 December	Notes	2013	variance %	2012[1]
Net sales	(15)	6,516		6,858
Other operating revenues	(16)	177		165
Total revenues		6,693	(4.7)	7,023
Other income/(loss)	(17)	208		(12)
Cost of materials		(419)		(440)
Work contracted out and other external expenses		(3,597)		(3,719)
Salaries and social security contributions	(18)	(2,174)		(2,178)
Depreciation, amortisation and impairments	(20)	(433)		(281)
Other operating expenses	(21)	(230)		(235)
Total operating expenses		(6,853)		(6,853)
Operating income		48		158
Interest and similar income		12		15
Interest and similar expenses		(36)		(45)
Net financial (expense)/income	(22)	(24)	20.0	(30)
Results from investments in associates	(3)	17		(8)
Profit before income taxes		41		120
Income taxes	(23)	(134)		(103)
Profit for the period from continuing operations		(93)		17
Profit/(loss) from discontinued operations	(8)	(29)		(101)
Profit/(loss) for the period		(122)		(84)
Attributable to:				
Non-controlling interests		0		2
Equity holders of the parent		(122)		(86)
Earnings per ordinary share (in € cents)[2]		(22.4)		(15.8)
Earnings from continuing operations per ordinary share (in € cents)[2]		(17.1)		2.8
Earnings from discontinued operations per ordinary share (in € cents)[2]		(5.3)		(18.6)

[1]For comparative purposes 2012 numbers have been restated to reflect the impact of IAS 19R and discontinued operations.
[2]In 2013 based on an average of 544,171,809 outstanding ordinary shares (2012: 543,248,166). Refer to note 31.
(in € millions, except percentages and per share data)

The accompanying notes form an integral part of the financial statements.

Consolidated statement of comprehensive income

Year ended at 31 December	2013	variance %	2012[1]
Profit/(loss) for the period	(122)	(45.2)	(84)
Other comprehensive income that will not be reclassified to the income statement			
Pensions: Actuarial gains/losses, before income tax	19		(77)
Income tax on pensions	(6)		20
Other comprehensive income items that are or may be reclassified to the income statement			
Gains/(losses) on cash flow hedges, before income tax	11		4
Income tax on gains/(losses) on cash flow hedges	(4)		(2)
Currency translation adjustment, before income tax	(79)		(13)
Income tax on currency translation adjustment			
Other comprehensive income for the period net of tax	(59)	13.2	(68)
Total comprehensive income for the period	(181)	(19.1)	(152)
Attributable to:			
Non-controlling interests	0		2
Equity holders of the parent	(181)	(17.5)	(154)

[1]For comparative purposes 2012 numbers have been restated to reflect the impact of IAS 19R and discontinued operations.
(in € millions, except percentages)

Total comprehensive income attributable to the equity holders of the parent from continuing operations amount to €-144 million (2012: -45) and from discontinued operations to €-37 million (2012: -109).

Consolidated statement of cash flows

Year ended at 31 December	Notes	2013	variance %	2012[1]
Profit before income taxes		41		120
Adjustments for:				
Depreciation, amortisation and impairments		433		281
Amortisation of financial instruments/derivatives		2		2
Share-based compensation		2		0
(Profit)/loss of assets held for disposal	(17)	(2)		15
(Profit)/loss on sale of group companies/joint ventures		0		(1)
Interest and similar income		(12)		(15)
Foreign exchange (gains) and losses		2		4
Interest and similar expenses		34		41
Results from investments in associates		(17)		8
Changes in provisions:				
Pension liabilities		(7)		(22)
Other provisions		64		(13)
Changes in working capital:				
Inventory		1		1
Trade accounts receivable		5		71
Accounts receivable		(8)		10
Other current assets		(1)		5
Trade accounts payable		17		3
Other current liabilities excluding short-term financing and taxes		(40)		(64)
Cash generated from operations		514	15.2	446
Interest paid		(35)		(41)
Income taxes received/(paid)		(82)		(46)
Net cash from/(used in) operating activities	(24)	397	10.6	359
Interest received		12		16
Disposal of subsidiaries and joint ventures		61		0
Disposal of associates		27		2
Capital expenditure on intangible assets		(25)		(23)
Capital expenditure on property, plant and equipment		(105)		(116)
Proceeds from sale of property, plant and equipment		5		19
Cash from financial instruments/derivatives		(15)		19
Other changes in (financial) fixed assets		(1)		2
Other		1		0
Net cash from/(used in) investing activities	(25)	(40)	50.6	(81)
Share-based payments		0		0
Financing discontinued operations		(25)		(98)
Proceeds from long-term borrowings		0		1
Repayments of long-term borrowings		(1)		(2)
Proceeds from short-term borrowings		38		60
Repayments of short-term borrowings		(32)		(67)
Repayments of finance leases		(15)		(18)
Dividends paid		(18)		(2)
Net cash from/(used in) financing activities	(26)	(53)	57.9	(126)
Change in cash from continuing operations		304		152
Cash flows from discontinued operations				
Net cash from/(used in) operating activities		(28)		(88)
Net cash from/(used in) investing activities		5		(3)
Net cash from/(used in) financing activities		23		90
Change in cash from discontinued operations		0		(1)
Total changes in cash	(27)	304	101.3	151

[1]For comparative purposes 2012 numbers have been restated to reflect the impact of IAS 19R and discontinued operations.

(in € millions, except percentages)

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in equity

	Issued share capital	Additional paid-in capital	Legal reserves	Other reserves	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2011	43	3,021	24	(12)	(270)	2,806	6	2,812
Change accounting policy IAS 19R				(40)		(40)		(40)
Restated balance at 31 December 2011	43	3,021	24	(52)	(270)	2,766	6	2,772
Total comprehensive income			(11)	(57)	(86)	(154)	2	(152)
Final dividend previous year		(2)				(2)		(2)
Compensation retained earnings		(270)			270			
Legal reserves reclassifications			(17)	17			(1)	(1)
Total direct changes in equity		(272)	(17)	17	270	(2)	(1)	(3)
Balance at 31 December 2012[1]	43	2,749	(4)	(92)	(86)	2,610	7	2,617
Total comprehensive income			(72)	13	(122)	(181)		(181)
Dividend previous year		(11)				(11)		(11)
Interim dividend		(7)				(7)		(7)
Compensation retained earnings		(83)			83			
Legal reserves reclassifications			(8)	8				
Share-based payments				2		2		2
Stock dividend	1	(1)						
Total direct changes in equity	1	(102)	(8)	10	83	(16)		(16)
Balance at 31 December 2013	44	2,647	(84)	(69)	(125)	2,413	7	2,420

[1]For comparative purposes 2012 numbers have been restated to reflect the impact of IAS 19R.

(in € millions)

Refer to the accompanying notes 9 and 38 for further details on equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION AND DESCRIPTION OF THE BUSINESS

TNT Express N.V. is a public limited liability company domiciled in Amsterdam, the Netherlands. The consolidated financial statements include the financial statements of TNT Express N.V. and its consolidated subsidiaries (hereafter referred to as ‘TNT Express’, ‘Group’ or ‘the company’). The company was incorporated under the laws of the Netherlands and is listed on Euronext Amsterdam.

For purposes of these consolidated financial statements, ‘TNT Express’ refers to the company and its subsidiaries.

TNT Express operates in the Courier, Express and Parcel (CEP) market and collects, transports and delivers documents, parcels and palletised freight on a day-definite or time-definite basis. Its services are primarily classified by the speed, distance, weight and size of consignments. Whereas the majority of its shipments are between businesses (B2B), TNT Express also offers business-to-consumer (B2C) services to select key customers.

The consolidated financial statements have been authorised for issue by TNT Express’ Executive Board and Supervisory Board on 18 February 2014 and are subject to adoption by the Annual General Meeting of Shareholders on 9 April 2014.

Segment information

Until the second quarter of 2013, TNT Express disclosed five reportable segments: Europe, Middle East and Africa (Europe & MEA), Asia Pacific, Brazil Domestic, Other Americas and Other Networks. As part of the *Deliver!* improvement programme, a new management structure was implemented in the second quarter of 2013 which led to new operating segments. Consequently, the reportable segments changed into: Europe Main, Europe Other & Americas, Pacific, Asia, Middle East & Africa (AMEA) and Unallocated. The operating segments Benelux, France, Germany, Italy, and UK & Ireland have been aggregated into Europe Main. Unallocated consists of Other Networks (TNT Innight and TNT Fashion activities outside the United Kingdom), Central Networks, ICS (Information Communication Services) and the TNT Express Head Office. The fashion activities in the United Kingdom were integrated with TNT Express UK and are reported in the Europe Main segment.

Previously, the CGUs were: Northern Europe, Southern Europe & MEA, Asia Pacific, North America, Brazil Domestic, Other South Americas and Other Networks. Following the revised organisational structure, the CGUs for goodwill impairment testing purposes have changed. They changed into: Benelux, France, Germany, Italy, UK & Ireland, Europe Other, North America, Brazil Domestic, Other South Americas, Pacific, Asia, Middle East & Africa (AMEA) and Other Networks.

Brazil Domestic is reported as a discontinued operation and as an asset held for disposal in 2013 and the comparative 2012 figures have been restated. On 30 January 2014, TNT Express announced that it had terminated discussions with potential bidders for the disposal of Brazil Domestic as it was unable to realise a transaction on acceptable terms. As of 2014, Brazil Domestic will no longer be reported as a discontinued operation. The activities will be managed as a separate business unit within TNT Express.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All amounts included in the financial statements are presented in euro, unless otherwise stated.

Basis of preparation

The consolidated financial statements of TNT Express have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. IFRS includes the application of International Financial Reporting Standards and International Accounting Standards (IAS), related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Interpretations of the Standing Interpretations Committee (SIC). The consolidated financial statements have been prepared under the historical cost convention except for financial instruments and assets held for disposal.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying TNT Express’ accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the 'Critical accounting estimates and judgments in applying TNT Express' accounting policies' section.

The International Accounting Standards Board (IASB) has issued certain International Financial Reporting Standards or amendments thereon and the IFRIC has issued certain interpretations. The impact of changes, when adopted by the European Union, on TNT Express' consolidated financial statements has been assessed.

Changes in accounting policies and disclosures

a) New and amended standards adopted by TNT Express

- IAS 19R, '*Employee Benefits'* revised is effective for TNT Express as of 1 January 2013. In accordance with IAS 8, TNT Express has restated the financial statements as at 31 December 2012. Refer to 'Adoption of IAS 19R' below.

- IFRS 13, '*Fair Value Measurement*' is effective for TNT Express as of 1 January 2013. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The adoption of IFRS 13 did not materially impact the consolidated financial statements. For long-term debt stated at amortised cost, TNT Express has included an additional disclosure following the requirements of IFRS 13. Refer to note 30.

- Amendment to IAS 1, *'Financial Statement Presentation'* regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to classify items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income and do not have an impact on equity and total comprehensive income.

- Amendment to IFRS 7, '*Financial instruments: Disclosures'*, on offsetting financial assets and financial liabilities. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare financial statements in accordance with US GAAP. Refer to note 29.

b) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2013 and are not early adopted by TNT Express. The items applicable are presented below:

- IFRS 9, *'Financial Instruments'*, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

- IFRS 10, *'Consolidated Financial Statements'*, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. TNT Express does not expect a material impact and will adopt IFRS 10 on 1 January 2014.

- IFRS 11, *'Joint Arrangements'*, replaces IAS 31 '*Interests in Joint Ventures'* and deals with how a joint arrangement in which two or more parties have joint control should be classified. Under IFRS 11, joint ventures are required to be accounted for using the equity method of accounting, whereas under IAS 31, jointly controlled entities can be accounted for using the equity method of accounting or proportionate consolidation method. Had IFRS 11 been applied as at 31 December 2013, TNT Express would have applied the equity method instead of the proportionate consolidation method to account for joint ventures. The reported net sales and operating income for 2013 would have decreased by €86 million (2012: 87) and €7 million (2012: 11) respectively, while profit attributable to shareholders would remain constant. Refer to note 32 for the disclosure on joint ventures. TNT Express will adopt IFRS 11 on 1 January 2014.

– IFRS 12, *'Disclosures of Interests in Other Entities'*, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off-balance sheet vehicles. TNT Express does not expect a material impact and will adopt IFRS 12 on 1 January 2014.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Adoption of IAS 19R

The impact of the adoption of IAS 19R on the Group is as follows: the corridor approach has been eliminated and all actuarial gains and losses are recognised in other comprehensive income as they occur; all past service costs are immediately recognised; and interest cost and expected return on plan assets are replaced by a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

In accordance with IAS 8, TNT Express has restated the financial statements of the comparable interim period and the financial statements as at 31 December 2012. Consequently, the restated employer pension expense in 2012 was €3 million higher (net of tax) and the restated closing equity position as at 31 December 2012 was €100 million lower (net of tax), respectively. The equivalent effect of the adoption as per 1 January 2012 on equity amounted to €40 million (net of tax). The 2012 earnings per share have decreased by €0.05 cents to €(0.158) cents following the IAS 19R restatement.

The following table summarises the effects on the statement of financial position of the adoption of IAS 19R:

Adoption of IAS 19R	IAS 19 31 December 2012	Adoption of IAS 19R	IAS 19R 31 December 2012
Assets			
Non-current assets			
Intangible assets	1,457	0	1,457
Property, plant and equipment	836	0	836
Financial fixed assets	237	34	271
Pension assets	57	(56)	1
Total non-current assets	2,587	(22)	2,565
Total current assets	1,667	0	1,667
Assets held for disposal	235	0	235
Total assets	4,489	(22)	4,467
Liabilities and equity			
Total equity	2,717	(100)	2,617
Non-current liabilities			
Deferred tax liabilities	31	0	31
Provisions for pension liabilities	43	81	124
Other provisions	109	(3)	106
Long-term debt	191	0	191
Accrued liabilities	3	0	3
Total non-current liabilities	377	78	455
Total current liabilities	1,350	0	1,350
Liabilities related to assets held for disposal	45	0	45
Total liabilities and equity	4,489	(22)	4,467

(in € millions, except percentages)

Adoption of IFRS 13

TNT Express has applied IFRS 13 as of 1 January 2013. Consequently, Debit Value Adjustments and Credit Value Adjustments were evaluated for all applicable financial assets and liabilities. The impact of these adjustments was not considered to be material.

Consolidation

The consolidated financial statements include the financial numbers of TNT Express N.V. and its subsidiaries, associates and joint ventures and have been prepared using uniform accounting policies for similar transactions and other events in similar circumstances. All significant intercompany transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. A complete list of subsidiaries, associates and joint ventures included in TNT Express' consolidated financial statements is filed for public review at the Chamber of Commerce in Amsterdam. This list has been prepared in accordance with the provisions of article 379 (1) and article 414 of Book 2 of the Dutch Civil Code.

As the financial statements of TNT Express N.V. are included in the consolidated financial statements, the corporate income statement is presented in an abridged form (article 402 of Book 2 of the Dutch Civil Code).

Subsidiaries, associates and joint ventures

Subsidiaries are all entities (including special purpose entities) over which TNT Express has the power to govern financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether TNT Express controls another entity.

An associate is an entity that is neither a subsidiary nor an interest in a joint venture, over which commercial and financial policy decisions TNT Express has significant influence. Significant influence is the power to participate in financial and operating policy decisions of an entity but is not control or joint control over those policies. TNT Express' share of results of all significant associates is included in the income statement using the equity method. The carrying value of TNT Express' share in associates includes goodwill on acquisition and changes to reflect TNT Express' share in net earnings of the respective companies, reduced by dividends received. TNT Express' share in non-distributed earnings of associates is included in net investment. When TNT Express' share of any accumulated losses exceeds the acquisition value of the shares in the associates, the book value is reduced to zero and the reporting of losses ceases, unless TNT Express is bound by guarantees or other undertakings in relation to the associate.

A joint venture is a contractual arrangement whereby TNT Express and one or more other parties undertake an economic activity subject to joint control. Joint ventures in which TNT Express participates with other parties are proportionately consolidated. In applying the proportionate consolidation method, TNT Express' percentage share of the statement of financial position and income statement items are included in TNT Express' consolidated financial statements.

Business combinations

TNT Express uses the acquisition method of accounting to account for the acquisition of subsidiaries. The consideration of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes also the fair value arising from contingent consideration arrangements. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest.

The excess of the consideration transferred over the fair value of TNT Express' share of the identifiable net assets of the subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of TNT Express' share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

TNT Express treats transactions with non-controlling interests as transactions with equity owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When TNT Express ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if TNT Express had directly disposed of the related assets or liabilities. This could lead to a reclassification of amounts previously recognised in other comprehensive income to the income statement.

The non-controlling interest is initially measured at the proportion of the non-controlling interest in the recognised net fair value of the assets, liabilities and contingent liabilities. Losses applicable to the non-controlling interest in excess of its share of the subsidiary's equity are allocated against TNT Express' interests, except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with TNT Express' accounting policies.

Functional currency and presentation currency

Items included in the financial statements of all TNT Express' entities are measured using the currency of the primary environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the functional and presentation currency of TNT Express.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using year-end exchange rates.

Foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances and from the translation at year-end exchange rates are recognised in the income statement, except for qualifying cash flow hedges and qualifying net investment hedges that are directly recognised in equity.

Foreign operations

The results and financial position of all TNT Express entities (none of which has the currency of a hyperinflationary economy) with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rate;
- income and expenses are translated at average exchange rates; and
- the resulting exchange differences based on the different ways of translation between the statement of financial position and the income statement are recognised as a separate component of equity (translation reserve).

Foreign currency exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments are recognised in the translation reserve. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired by TNT Express. Goodwill on acquisitions of subsidiaries and joint ventures is included in intangible assets. Goodwill on acquisition of associates is included in the carrying amount of investments in associates.

Goodwill is recognised as an asset and, although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator of impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is carried at cost less accumulated impairment losses. On disposal of an entity any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous historical values, as no adjustment was required on transition. These have also been subject to impairment tests at that date and will continue to be, at least, annually.

Other intangible assets

Costs related to the development and installation of software for internal use are capitalised at historical cost and amortised, using the straight-line method, over the estimated useful life. Apart from software, other intangible assets mainly include customer relationships, assets under development, licences and concessions. Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

An asset under development is reclassified when it is ready for use and is subsequently amortised using the straight-line method over its estimated useful life. Other intangible assets are valued at the lower of historical cost less amortisation and impairment.

Property, plant and equipment

Property, plant and equipment are valued at historical cost using a component approach, less depreciation and impairment losses. In addition to the costs of acquisition, the company also includes costs of bringing the asset to working condition, handling and installation costs and the non-refundable purchase taxes. Under the component approach, each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is calculated using the straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life is reviewed and adjusted if appropriate, at each balance sheet date. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Land is not depreciated. System software is capitalised and amortised as a part of the tangible asset for which it was acquired to operate, because the estimated useful life is inextricably linked to the estimated useful life of the associated asset.

Leases of property, plant and equipment are classified as finance leases if the company bears substantially all the risks and rewards of ownership. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in long-term debt. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Impairment of goodwill, intangible assets and property, plant and equipment

Goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset might be impaired.

For the purposes of assessing impairment, assets are grouped by cash-generating unit (CGU), the lowest level at which there are separately identifiable cash flows. For impairment testing of goodwill, the group of CGUs is defined as the lowest level where goodwill is monitored for internal purposes. This level may be higher than the level used for testing other assets, but is not at a higher level than an operating segment.

If the recoverable value of the CGU is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The recoverable amount is the higher of the fair value less cost to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks. For the purpose of assessing impairment, corporate assets are allocated to specific CGUs before impairment testing. The allocation of the corporate assets is based on the contribution of those assets to the future cash flows of the CGU under review. Goodwill following the acquisition of associates is not separately recognised or tested for impairment.

Impairment losses recognised for goodwill are not reversed in a subsequent period.

Finite-lived intangible assets and property, plant and equipment

At each balance sheet date, TNT Express reviews the carrying amount of its finite-lived intangible assets and property, plant and equipment to determine whether there is an indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the assets is estimated in order to determine the extent, if any, of the impairment loss. An asset is impaired if the recoverable amount is lower than the carrying value. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised immediately in the income statement. Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Financial assets and liabilities

TNT Express classifies financial assets and liabilities into the following categories:
- financial assets and liabilities at fair value through profit or loss
- loans and receivables
- held-to-maturity investments
- available-for-sale financial assets and financial liabilities measured at amortised cost

The classification depends on the purpose for which the financial asset or liability was acquired. Management determines the classification of TNT Express' financial assets and liabilities at initial recognition.

Financial assets and liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include derivatives and other assets and liabilities that are designated as such upon initial recognition.

Measurement at fair value requires disclosure of measurement methods based on the following fair value measurement hierarchy:
- Level 1: Quoted prices (unadjusted) in active markets
- Level 2: Inputs other than quoted prices that are observable either directly (prices) or indirectly (derived from prices)
- Level 3: Inputs not based on observable market data

Financial assets and financial liabilities at fair value through profit or loss are initially recorded at fair value and subsequently remeasured at fair value in the statement of financial position. TNT Express designates certain derivatives as: hedges of the fair value of recognised assets and liabilities of a firm commitment (fair value hedge); hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction (cash flow hedge); or hedges of a net investment in a foreign operation (net investment hedge).

If a derivative is designated as a cash flow or net investment hedge, changes in its fair value are considered to be effective and recorded in a separate component of equity (hedge reserve) until the hedged item is recorded in income. Any portion of a change in the fair value of a derivative that is considered to be ineffective, or is excluded from the measurement of effectiveness, is immediately recorded in the income statement.

At the inception of the transaction, TNT Express documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The company also documents the assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Unrealised gains and losses arising from changes in the fair value of financial assets and liabilities classified at fair value through income statement are directly recorded in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect the income statement (for example, when the forecasted sale that is hedged takes place). However, when the forecasted transaction that is hedged, results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset or liability.

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time, remain in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the income statement.

Loans and receivables
Loans granted and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which TNT Express has no intention of trading. Loans and receivables are included in trade and other receivables in the statement of financial position, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are carried at amortised cost using the effective interest method.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where TNT Express has the positive intention and ability to hold to maturity.

Held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial liabilities measured at amortised cost
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value of financial assets classified as available for sale are recognised in other comprehensive income. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as a gain or a loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), TNT Express establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

Financial liabilities measured at amortised cost are recognised initially at fair value net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

Impairment of financial assets
TNT Express assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement – is removed from equity and recognised in the income statement. Impairment losses on equity instruments recognised in the income statement are not reversed through equity.

Inventory
Inventories of raw materials and finished goods are valued at the lower of historical cost or net realisable value. Historical cost is based on weighted average prices.

Accounts receivable
Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful debt. An allowance for doubtful debt is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the loss is recognised in the income statement. Any reversal of the impairment loss is included in the income statement at the same line as where the original expense has been recorded.

The risk of uncollectibility of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. The assumptions and estimates applied for determining the valuation allowance are reviewed periodically.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value. Cash and cash equivalents include cash at hand, bank account balances, bills of exchange and cheques (only those which can be cashed in the short term). All highly liquid investments with an original maturity of three months or less at date of purchase are considered to be cash equivalents. Bank overdrafts are not netted off from cash and cash equivalents.

Assets (or disposal groups) held for disposal and discontinued operations

Assets (or disposal groups) held for disposal are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount is recovered principally by means of disposal rather than through continuing use. Assets held for disposal are no longer amortised or depreciated from the time they are classified as such.

Assets held for disposal are available for immediate disposal in its present condition, and are considered as highly probable.

Operations that represent a separate major line of business or geographical area of operations, or that are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale and either have been disposed of or have been classified as held for disposal, are presented as discontinued operations in TNT Express' financial statements.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases TNT Express' equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects are included in equity.

Provisions for pension liabilities

The obligation for all pension and other post-employment plans that qualify as defined benefit plans is determined by calculating the present value of the defined benefit obligation and deducting the fair value of the plan assets. TNT Express uses actuarial calculations (projected unit credit method) to measure the obligations and the costs. For the calculations, actuarial assumptions are made about demographic variables (such as employee turnover, mortality and disability) and financial variables. The discount rate is determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs, if any, are recognised immediately in the income statement.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised at the date of the curtailment or settlement.

Pension costs for defined contribution plans are expensed in the income statement when incurred or due.

Other provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The gross up of the provision following the discounting of the provision is recorded in the income statement as interest expense.

Provisions are recorded for employee benefit obligations, restructuring, onerous contracts and other obligations.

Provisions for employee benefit obligations include long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within 12 months after the end of the period, profit-sharing, bonuses and deferred compensation. The expected costs of these benefits are recognised over the period of employment. Actuarial gains and losses and changes in actuarial assumptions are charged or credited to income in the period in which such gain or loss occurs. Related service costs are recognised immediately.

Provisions recorded for restructuring largely relate to termination benefits. Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. TNT Express recognises termination benefits when the company has committed to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

Provisions for onerous contracts are recorded when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to arise from that contract, taking into account impairment of tangible assets first.

The provision for other obligations relates to legal and contractual obligations and received claims.

Trade accounts payable

Trade accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income.

The amount of income tax included in the income statement is determined in accordance with the rules established by the taxation authorities, based on which income taxes are payable or recoverable.

Deferred tax assets and liabilities, arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities, are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised. Deferred tax assets and liabilities where a legally enforceable right to offset exists and within the same tax group are presented net in the statement of financial position.

Revenue recognition

Revenue is recognised when services are rendered, goods are delivered or work is completed. Revenue is the gross inflow of economic benefits during the current year that arise from ordinary activities and result in an increase in equity, other than increases relating to contributions from equity participants.

Revenue from delivered goods and services is recognised when:
- the company has transferred to a buyer the significant risks and rewards of ownership of the goods and services;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control of the goods and services sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the costs to be incurred in respect of the transaction can be measured reliably; and
- the stage of completion of the transaction at the balance sheet date can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

Amounts received in advance are recorded as accrued liabilities until services are rendered to customers or goods are delivered.

Net sales
Net sales represent the revenue from the delivery of goods and services to third parties less discounts, credit notes and taxes levied on sales. Accumulated experience is used to estimate and provide for the discounts and returns.

Other operating revenue
Other operating revenue relates to the sale of goods and rendering of services not related to the normal trading activities of TNT Express and mainly includes sale of unutilised air cargo space to third parties, operation of aircraft for third parties (including charters and wet leases), custom clearance services and administration services.

Other income
Other income includes net gains or losses from fair value adjustments relating to assets held for disposal, the sale of property, plant and equipment and other gains and losses. Costs are recognised on the historical cost convention and are allocated to the reporting year to which they relate.

Operating expenses
Operating expenses represent the direct and indirect expenses attributable to sales, including cost of materials, cost of work contracted out and other external expenses, personnel expenses directly related to operations, and depreciation, amortisation and impairment charges.

Salaries
Salaries, wages and social security costs are charged to the income statement when due, in accordance with employment contracts and obligations.

Profit-sharing and bonus plans
TNT Express recognises a liability and an expense for cash-settled bonuses and profit-sharing when the company has a legal or constructive obligation to make such payments as a result of past performance and when a reliable estimate of the obligation can be made.

Share-based payments
Share-based payment transactions are transactions in which TNT Express receives benefits from its employees in consideration for equity instruments or for amounts of cash that are based on the price of equity instruments of the company. The fair value of the equity-settled share-based transactions is recognised as an expense (part of the employee costs) and a corresponding increase in equity over the vesting period. The fair value of payments of share-based payment plans, based on market conditions is calculated using the Monte Carlo model. The fair value of payments of share-basement plans based on non-market conditions are based on the share price on the date the grant is made, corrected for a dividend yield. The equity instruments granted do not vest until the employee completes a specific period of service.

Interest income and expense
Interest income and expense are recognised on a time proportion basis using the effective interest method. Interest income comprises interest income on lendings, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains and gains on hedged items. Interest expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedged items.

All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as part of the cost of the qualifying asset.

Grants
Grants are recognised initially as income when there is reasonable assurance that they will be received and TNT Express has complied with the conditions associated with the grant. Grants that compensate TNT Express for expenses incurred are recognised in the income statement on a systematic basis in the same period in which the expenses are recognised. Grants that compensate TNT Express for the cost of an asset are deducted from the historical value of the asset and recognised in the income statement on a systematic basis over the useful life of the asset.

Operating leases
Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Dividend distribution

Dividend distribution to TNT Express' shareholders is recognised as a liability in the statement of financial position in the year in which the dividends are approved by the shareholders. If TNT Express offers its shareholders dividends in additional shares, the additionally issued shares are recognised at their nominal amount.

Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Exchange rate differences affecting cash items are shown separately in the consolidated statement of cash flows. Receipts and payments with respect to taxation on profits are included in cash flows from operating activities. Interest payments are included in cash flows from operating activities while interest receipts are included in cash flows from investing activities. The cost of acquisition of subsidiaries, associates and investments, insofar as it was paid for in cash, is included in cash flows from investing activities. Acquisitions of subsidiaries are presented net of cash balances acquired. Cash flows from derivatives are recognised in the consolidated statement of cash flows in the same category as those of the hedged item.

Segment reporting

TNT Express reports separate information about each operating segment or results from aggregating two or more segments, and exceeds the quantative thresholds. Aggregation criteria relate to similar economic characteristics, consistency with the core principle of IFRS and when operating segments are similar in respect of:

- the nature of products and services;
- the nature of the production process;
- the type or class of customers for their products and services;
- the method used to distribute their products or provide their services; and
- if applicable, the nature of the regulatory environment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers receive operational and financial information on a monthly basis for Europe Main, Europe Other & Americas, Pacific, AMEA and Brazil Domestic. In 2012, Brazil Domestic was identified as a separate operating segment. The operating segments Benelux, France, Germany, Italy and UK & Ireland have been aggregated into Europe Main.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING TNT EXPRESS' ACCOUNTING POLICIES

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The critical accounting estimates, judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business combinations

TNT Express accounts for all its business combinations applying the acquisition method. The assets acquired and the liabilities assumed are recognised and measured on the basis of their fair values at the date of acquisition. To determine fair values of assets acquired and liabilities assumed, TNT Express must make estimates and use valuation techniques when a market value is not readily available. Any excess of the cost of an acquisition over the fair value of the net identifiable assets acquired represents goodwill.

For purposes of preparation of the consolidated financial statements, internal reorganisations or transfer of businesses between TNT Express companies were accounted for at predecessor carrying amounts. These transactions did not give rise to goodwill.

Impairment of assets

In determining impairments of intangible assets including goodwill, property, plant and equipment and financial fixed assets, management must make significant judgments and estimates to determine whether the fair value of the cash flows generated by those assets is less than their carrying value. Determining cash flows requires the use of judgments and estimates that have been included in the strategic plans and long-range forecasts of TNT Express. The data necessary for executing the impairment tests are based on management estimates of future cash flows, which require estimating revenue growth rates and profit margins. Refer to note 1 for applied sensitivities on intangible assets.

Depreciation and amortisation of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets, except for goodwill, are depreciated or amortised at historical cost using a straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on TNT Express' best estimates and are reviewed, and adjusted if required, at each balance sheet date.

Impairment of receivables

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are individually assessed based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. Should the outcome differ from the assumptions and estimates, revisions to the estimated valuation allowances would be required.

Restructuring

Restructuring charges mainly result from restructuring operations, including combinations and/or relocations of operations, changes in TNT Express' strategic direction, or managerial responses to declining demand, increasing costs or other market factors. Restructuring provisions reflect many estimates, including those pertaining to separation costs, reduction of excess facilities, contract settlements and tangible asset impairments. Actual experience has been and may continue to be different from these estimates.

Income taxes

The company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision and liability for income taxes. There are many transactions and calculations where the ultimate tax determination is uncertain during the ordinary course of business. TNT Express recognises liabilities for tax issues based on estimates of whether additional taxes will be due, based on its best interpretation of the relevant tax laws and rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

TNT Express recognises deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. This is based on estimates of taxable income by jurisdiction in which the company operates and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods, and depending on the tax strategies that the company may be able to implement, changes to the recognition of deferred tax assets could be required, which could impact TNT Express' financial position and net profit.

Accounting for assets held for disposal

Accounting for assets held for disposal requires the use of significant assumptions and estimates, such as the assumptions used in fair value calculations as well as the estimated costs to dispose.

Pension benefits

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of pension obligations. The assumptions used in determining the net pension expense/(income) include the discount rate, which is based on the long-term yield of high-quality corporate bonds. Other key assumptions for pension obligations are based in part on current market conditions. TNT Express reviews the assumptions at the end of each year. Refer to note 10 for more information.

Contingent liabilities

Legal proceedings covering a range of matters are pending against the company in various jurisdictions. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. Cases and claims against the company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, TNT Express consults with legal counsel and certain other experts on matters related to litigations.

TNT Express accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed as a contingent liability.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1 Intangible assets: 1,137 million (2012: 1,457)

Statement of changes

	Goodwill	Software	Other intangibles	Total
Amortisation percentage		10%- 35%	0%- 35%	
Historical cost	2,054	429	118	2,601
Accumulated amortisation and impairments	(571)	(306)	(95)	(972)
Balance at 31 December 2011	1,483	123	23	1,629
Changes in 2012				
Additions		6	18	24
Internal transfers/reclassifications		25	(25)	0
Amortisation		(49)	(2)	(51)
Impairments	(94)	(1)		(95)
Transfers to assets held for disposal	(50)	(2)	(1)	(53)
Exchange rate differences	1	1	1	3
Total changes	(143)	(20)	(9)	(172)
Historical cost	1,908	444	100	2,452
Accumulated amortisation and impairments	(568)	(341)	(86)	(995)
Balance at 31 December 2012	1,340	103	14	1,457
Changes in 2013				
Additions		7	18	25
Internal transfers/reclassifications		14	(14)	0
Amortisation		(38)	(1)	(39)
Impairments	(296)			(296)
Transfers to assets held for disposal		(3)		(3)
Exchange rate differences	(5)	(2)		(7)
Total changes	(301)	(22)	3	(320)
Historical cost	1,676	435	38	2,148
Accumulated amortisation and impairments	(637)	(354)	(21)	(1,011)
Balance at 31 December 2013	1,039	81	17	1,137

(in € millions)

Goodwill

Goodwill is allocated to TNT Express' cash-generating units (CGUs) and tested for impairment. Previously, the CGUs were: Northern Europe, Southern Europe & MEA, Asia Pacific, North America, Brazil Domestic, Other South Americas and Other Networks. Following the revised organisational structure implemented as of the second half of the year, the CGUs for goodwill impairment testing purposes have changed. They changed into: Benelux, France, Germany, Italy, UK & Ireland, Europe Other, North America, Brazil Domestic, Other South Americas, Pacific, Asia, Middle East and Africa (AMEA), and Other Networks. Consequently, the relevant goodwill was re-allocated to the new TNT Express CGUs based on the relative value of the CGUs which were part of the former CGUs Northern Europe and Southern Europe & MEA.

The total goodwill balance at 31 December 2013 amounted to €1,039 million (2012: 1,340), which was allocated to Europe Main for €287 million (2012: 525), Europe Other for €457 million (2012: 458), Pacific for €20 million (2012: 20), Asia, Middle East and Africa for €250 million (2012: 250), North America for €0 million (2012: 0), Brazil Domestic for €0 million (2012: 0), Other South Americas for €25 million (2012: 29) and Other Networks for €0 million (2012: 58).

In 2013, the goodwill balances were tested for impairment twice, with an additional test performed in the second quarter, considering the revised CGU structure and the weaker performance of the former CGUs Southern Europe & MEA and Other Networks.

The impairment test in the second quarter resulted in the recognition of an impairment loss of €296 million in the income statement. The annual impairment test, performed at 31 December 2013, resulted in no additional impairment charges recognised at year-end. More information is disclosed in the following sections.

Goodwill impairment testing second quarter

In the second quarter, a detailed review of the recoverable amount of each CGU was performed. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Fair value less cost to sell represents the best estimate of the amount TNT Express would receive if it were to sell the CGU. The fair value was estimated on the basis of the present value of future cash flows taking into account the cost to sell.

For mature markets, the estimated future net cash flows are based on a five-year forecast and business plan. For emerging markets where no steady state has been achieved to date, a ten-year forecast has been applied to estimate the future net cash flows. As at the second quarter of 2013, the cash flow projections were based on financial budgets (excluding *Deliver!*) and have been approved by management.

Budgeted gross margins are based on past performance and expectations for market development. The applied growth rates do not exceed the long-term average growth rate of the related operations and markets and are consistent with forecasts included in industry reports. The discount rates used vary from 7.5% to 13.4% pre-tax (post-tax 7.3% to 10.8%) to reflect specific risks relating to each CGU.

Key assumptions used to determine the recoverable values of all CGUs are:
- maturity of the underlying market, market share and volume development to determine the revenue mix and growth rate;
- level of capital expenditure in network related assets that may affect the further roll-out of the network;
- level of operating income largely impacted by revenue and cost development taking into account the nature of the underlying costs, potential economies of scale; and
- discount rate to be applied following the nature of the underlying cash flows and foreign currency and inflation-related risks.

Based on the impairment test, management concluded that the recoverable amount, based on value in use of Other Networks and the former CGUs Northern Europe and Southern Europe & MEA, was below the carrying amount for a total amount of €296 million. This can be specified as follows:
- former CGU Southern Europe & MEA €159 million;
- former CGU Northern Europe €79 million; and
- Other Networks €58 million.

Of the total goodwill of €571 million of the former CGU Southern Europe & MEA, the total impairment was €159 million. This was due to the weaker performances of France and Italy and the higher granularity of the new CGUs as a result of which compensating developments no longer could be taken into account.

For the former CGU Northern Europe an amount of €79 million was impaired, out of a total goodwill of €659 million, as a result of the generally worsened economic climate and the higher granularity of the new CGUs.

For Other Networks the total of €58 million goodwill was impaired as a result of the discontinuation of an important fashion contract and the decline in the results of TNT Innight activities.

Goodwill impairment testing as at year-end

At 31 December 2013, the annual impairment test was performed consistently with the approach described for the second quarter of 2013 with the exception of:
- the cash flow projections used for the impairment testing at year-end include committed savings from *Deliver!*; and
- the discount rates used vary from 7.5% to 11.1% pre-tax (post-tax 7.3% to 10.7%) to reflect specific risks relating to each CGU.

Based on the impairment test, management concluded that the recoverable amount based on value in use for all CGUs was above the carrying amount at 31 December 2013.

In 2012, as a result of management's decision to divest the China Domestic operation, the business was classified as an asset held for disposal. As a disposal group, China Domestic was measured at the lower of its carrying amount or fair value less cost to sell, which resulted in a write down of its carrying amount by €75 million. Refer to note 8 for the disclosure information related to assets held for disposal.

China Domestic was part of the former CGU Asia Pacific. Of the total goodwill amount of the former CGU Asia Pacific, €125 million was allocated to China Domestic as part of its carrying amount.

Consequently, the write down of its carrying amount was accounted for as a goodwill impairment of €75 million, with the remaining €50 million classified as held for disposal.

In 2012, the exit of the Indian domestic business and the liquidation of the related legal entity were finalised. Consequently, a goodwill impairment of €19 million was recorded relating to the allocated goodwill of the Indian domestic business. The goodwill of €19 million was allocated to the former CGU Asia Pacific.

Software and other intangible assets

At 31 December 2013, the software balance of €81 million (2012: 103) included internally generated software with a book value of €66 million (2012: 88). The addition to software of €7 million is related to purchased software. The reclassification of €14 million to software is related to finalised IT projects.

At 31 December 2013, the other intangible assets balance of €17 million (2012: 14) is related to customer relationships of €5 million (2012: 5) and software under construction of €12 million (2012: 9). The addition to other intangibles of €18 million is mainly related to software development projects.

The estimated amortisation expenses for software and other intangibles for the subsequent five years are as follows: 2014: €24 million; 2015: €24 million; 2016: €18 million; 2017: €10 million; 2018: €8 million; and thereafter: €14 million. Besides software development, TNT Express does not conduct significant research and development and therefore does not incur research and development costs.

Software and other intangible assets of €3 million (2012: 3) are included in assets held for disposal.

2 Property, plant and equipment: 891 million (2012: 836)

Statement of changes

	Land and buildings	Plant and equipment	Aircraft	Other	Construction in progress	Total
Depreciation percentage	0%-10%	4%-33%	4%-10%	7%-25%	0%	
Historical cost	715	664	319	488	23	2,209
Accumulated depreciation and impairments	(230)	(423)	(269)	(388)		(1,310)
Balance at 31 December 2011	485	241	50	100	23	899
Changes in 2012						
Capital expenditure in cash	6	18		22	75	121
Capital expenditure in financial leases/other		2			2	4
Disposals		(4)		(2)		(6)
Exchange rate differences	6	(8)	1	1	(1)	(1)
Depreciation	(34)	(53)	(11)	(46)		(144)
Impairments		(1)				(1)
Transfers (to)/from assets held for disposal	(4)	(23)		(5)	(4)	(36)
Internal transfers/reclassifications	23	35		17	(75)	
Total changes	(3)	(34)	(10)	(13)	(3)	(63)
Historical cost	743	625	317	471	20	2,176
Accumulated depreciation and impairments	(261)	(418)	(277)	(384)		(1,340)
Balance at 31 December 2012	482	207	40	87	20	836
Changes in 2013						
Capital expenditure in cash	4	15	2	16	61	98
Capital expenditure in financial leases/other					7	7
Disposals		(1)		(1)		(2)
Exchange rate differences	(16)	(5)		(3)	(1)	(25)
Depreciation	(28)	(41)	(33)	(36)	0	(138)
Impairments			39	(1)		38
Transfers (to)/from assets held for disposal	(1)	(53)	134	(3)		77
Internal transfers/reclassifications	7	41		20	(68)	0
Total changes	(34)	(44)	142	(8)	(1)	55
Historical cost	699	530	521	461	19	2,230
Accumulated depreciation and impairments	(251)	(367)	(339)	(382)		(1,339)
Balance at 31 December 2013	448	163	182	79	19	891

(in € millions)

Land and buildings mainly relate to depots, hubs and other production facilities. TNT Express does not hold freehold office buildings for long-term investments or for long-term rental income purposes. Land and buildings of €3 million (2012: 9) are pledged as security to third parties in Other South Americas.

Plant and equipment primarily relate to investments in vehicles, sorting machinery and other depot equipments. Plant and equipment of €11 million (2012: 6) are pledged as security to third parties in Other South Americas. Other property, plant and equipment mainly relate to furniture, fittings, IT equipment and other office equipment.

Aircraft and (spare) engines are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term to estimated residual values. Spare parts are depreciated to their estimated residual value on a straight-line basis over the remaining estimated useful life of the associated aircraft or engine type. Of the 18 owned aircraft (2012: 19), 18 (2012: 16) are classified as property, plant and equipment and 0 (2012: 3) as assets held for disposal.

In 2013, of the €77 million transfers from assets held for disposal, €57 million is related to Brazil Domestic (transfer to assets held for disposal) and €134 million is related to the reclassification of the two Boeing 747 freighters (transfer from assets held for disposal). Refer to note 8 for more information.

In 2012, of the €36 million transfers to assets held for disposal, €32 million is related to China Domestic. Refer to note 8 for more information on China Domestic. The remaining €4 million is related to vehicles transferred to assets held for disposal, mainly in Brazil Domestic, of which an impairment of €1 million was recorded.

Finance leases included in the property, plant and equipment balance at 31 December 2013 are:

Finance leases

At 31 December	Land and buildings	Plant and equipment	Aircraft	Other	Total 2013	Total 2012
Total	8	6	149	0	163	18
Europe Main	8	1			9	10
Europe Other & Americas		4			4	7
Pacific		1			1	1
AMEA						
Unallocated			149		149	

(in € millions)

Included in land and buildings under financial leases are leasehold rights and ground rent. The book value of the leasehold rights and ground rent is €8 million (2012: 8), comprising a historical cost of €26 million (2012: 25), with accumulated depreciation of €18 million (2012: 17). The finance leases included in property, plant and equipment at 31 December 2013 include the book value of the two Boeing 747 freighters, previously held as assets held for disposal.

Leasehold rights and ground rents expiring:
- within one year amount to €1 million (2012: 1);
- between one and five years amount to €5 million (2012: 4); and
- between five and 20 years amount to €2 million (2012: 3).

There are no leasehold rights and ground rents contracts with indefinite terms. Leasehold rights and ground rent for land and buildings located in Belgium amounted to €6 million (2012: 7) and in France to €2 million (2012: 1).

There was no material temporarily idle property, plant and equipment at 31 December 2013 (2012: 0).

3 Financial fixed assets: 216 million (2012: 271)

Statement of changes

	Investments in associates	Other loans receivable	Deferred tax assets	Other financial fixed assets: Financial fixed assets at fair value	Other financial fixed assets: Other prepayments and accrued income	Total
Balance at 31 December 2011	20	3	257	1	16	297
Changes in 2012						
Acquisitions/additions			44			44
Disposals/decreases	(2)		(56)			(58)
Impairments and other value adjustments	(8)					(8)
Withdrawals/repayments					(2)	(2)
Transfers to assets held for disposal			(2)			(2)
Total changes	(10)		(14)		(2)	(26)
Balance at 31 December 2012	10	3	243	1	14	271
Changes in 2013						
Acquisitions/additions			29		1	30
Disposals/decreases	(9)		(74)			(83)
Impairments and other value adjustments					(1)	(1)
Withdrawals/repayments					(1)	(1)
Total changes	(9)		(45)		(1)	(55)
Balance at 31 December 2013	1	3	198	1	13	216

(in € millions)

Investments in associates

At 31 December 2013, investments in associates are valued at €1 million (2012: 10) and related mainly to investments made by Logispring Investment Fund Holding B.V. ('Logispring') and TNT Europe Finance B.V. The sole activity of Logispring is to manage investments in start-up companies in the transport and logistics sector.

TNT Express' investment fund Logispring sold its 14.3% equity interest in Apriso. The cash proceeds to TNT Express were €25 million. The book value amounted to €9 million. The profit of €16 million was recorded as a result from investments in associates. Logispring also sold its investment in Datatrac for an amount of €2 million. The book value amounted to nil. The profit of €2 million was recorded as a result from investments in associates.

In 2012, the disposal of €2 million was related to the unwinding and divestment of Logispring investments.

In 2013, the fair value of investments in these entities did not require adjustment (2012: 8). The 2012 adjustment was a result of anticipated liquidations of underlying investments, deteriorated prospects for other investments or limited results. The investments in associates do not include goodwill (2012: 0).

Deferred tax assets

Deferred tax assets are further explained in note 23.

4 Inventory: 10 million (2012: 13)

Specification of inventory At 31 December	2013	2012
Raw materials and supplies	9	11
Finished goods	1	2
Total	10	13

(in € millions)

Total inventory of €10 million (2012: 13) was valued at historical cost for an amount of €14 million (2012: 16) and was stated net of provisions for obsolete items amounting to €4 million (2012: 3). There were no inventories pledged as security for liabilities at 31 December 2013 (2012: 0). In 2013 and 2012, no material write-offs relating to inventories occurred. The balance of inventories that were expected to be recovered after 12 months is nil (2012: 0).

Inventory of €1 million (2012: 1) is included in assets held for disposal.

5 (Trade) accounts receivable: 1,042 million (2012: 1,114)

Specification of (trade) accounts receivable At 31 December	2013	2012
Trade accounts receivable - total	1,012	1,090
Allowance for doubtful debt	(70)	(64)
Trade accounts receivable	942	1,026
VAT receivable	13	11
Accounts receivable from associates	1	1
Other accounts receivable	86	76
Accounts receivable	100	88

(in € millions)

At 31 December 2013, the total trade accounts receivable amounted to €1,012 million (2012: 1,090), of which €346 million (2012: 406) were past due but not individually impaired. Refer to the following table. The balance of trade accounts receivable that is expected to be recovered after 12 months is €0 million (2012: 5). The standard payment term for customers of TNT Express is around seven days.

Ageing analyses of trade accounts receivable At 31 December	2013	2012
Up to 1 month	254	293
2-3 months	57	72
3-6 months	18	22
Over 6 months	17	19
Total	346	406

(in € millions)

The total allowance for doubtful debt amounted to €70 million (2012: 64) of which €37 million (2012: 36) is related to trade accounts receivable that were individually impaired for the notional amount. The remainder of the allowance is related to a collective loss component in respect to losses that have been incurred but not yet identified as such. This collective loss component is largely based on the ageing of the trade receivables and is reviewed periodically.

The movements in the allowance for doubtful debt of trade accounts receivables are as follows:

Allowance for doubtful debt	2013	2012
Balance at 1 January	64	69
Transfer to assets held for disposal	(5)	
Provided for during financial year	31	34
Receivables written off during year as uncollectible	(20)	(30)
Unused amounts reversed	0	(9)
Balance at 31 December	70	64

(in € millions)

The fair value of accounts receivable approximates its carrying value. Other accounts receivable mainly includes receivables from insurance companies, deposits and various other items. The balance of other accounts receivable that is expected to be recovered after 12 months is €0 million (2012: 14). The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. TNT Express does not hold collateral as security for the outstanding balances. The concentration of the accounts receivable per customer is limited. The top ten trade receivables of TNT Express accounted for 2% of the outstanding trade receivables at 31 December 2013 (2012: 3%). The concentration of the trade accounts receivable portfolio over the different segments can be summarised as follows: Europe Main: €520 million (2012: 514); Europe Other & Americas: €167 million (2012: 170); Pacific: €54 million (2012: 72); AMEA: €138 million (2012: 154); Brazil Domestic (2013 assets held for disposal): €0 million (2012: 46); and Unallocated: €63 million (2012: 70). For the non-trade accounts receivables no allowance for doubtful debt was required.

Trade accounts receivable of €30 million and accounts receivable of €12 million are included in assets held for disposal.

6 Prepayments and accrued income: 123 million (2012: 129)

Prepayments and accrued income include amounts paid in advance to cover costs that will be charged against income in future years and net revenues not yet invoiced. At 31 December 2013, total prepayments amounted to €62 million (2012: 64). The balance of prepayments and accrued income that is expected to be recovered after 12 months is €1 million (2012: 0).

Prepayments and accrued income include a balance of unbilled trade receivables of €52 million (2012: 52).

Prepayments and accrued income also include outstanding short-term foreign exchange forward contracts that amounted to €5 million (2012: 3). The fair value of these financial instruments has been calculated at the relevant (forward) market rates at 31 December 2013. Refer to note 30 for the notional principal amount of the outstanding foreign exchange forward contracts.

Prepayments and accrued income of €5 million (2012: 7) are included in assets held for disposal.

7 Cash and cash equivalents: 700 million (2012: 397)

Cash and cash equivalents comprise of cash at bank and cash in hand of €78 million (2012: 66) and short-term bank deposits of €622 million (2012: 331). The effective interest rate during 2013 on short-term bank deposits was 0.01% (2012: 0.1%) and the average outstanding amount was €395 million (2012: 128). The individual deposits have an average maturity of 1.5 days (2012: 1.5). Included in cash and cash equivalents is €0 million (2012: 1) of restricted cash. The fair value of cash and cash equivalents approximates the carrying value.

Cash and cash equivalents of €0 million (2012: 4) are included in assets held for disposal.

8 Assets held for disposal: 100 million (2012: 235) and Liabilities related to assets held for disposal: 61 million (2012: 45)

The assets held for disposal amounted to €100 million (2012: 235) and are related to Brazil Domestic for €100 million (2012: 0), China Domestic for €0 million (2012: 114), aircraft for €0 million (2012: 117) and vehicles for €0 million (2012: 4). The liabilities related to assets held for disposal of €61 million (2012: 45) are related to Brazil Domestic for €61 million (2012: 0) and China Domestic for €0 million (2012: 45). All assets classified as held for disposal and liabilities related to assets held for disposal are expected to be disposed of within one year.

Brazil Domestic

On 25 March 2013, it was announced that Brazil Domestic will be sold. Consequently, Brazil Domestic was reported as an asset held for disposal and a discontinued operation. The assets and liabilities of the disposal group were set at the lower of carrying amount and fair value less cost to sell.

On 30 January 2014, TNT Express announced it had terminated discussions with potential bidders. Refer to note 35 for more information on subsequent events.

The major financial figures relating to Brazil Domestic are presented in the following table:

Assets and liabilities held for disposal - Brazil Domestic

At 31 December	2013	2012
Intangible assets	3	3
Property, plant and equipment	43	54
Current assets	54	73
Total assets	100	130
Non-current liabilities	21	30
Current liabilities	40	50
Total liabilities	61	80

(in € millions)

Income statement - Brazil Domestic

Year ended at 31 December	2013	2012
Net sales	301	304
Total revenues	301	304
Other income/(loss)		1
Total operating expenses	(324)	(378)
Operating income	(23)	(73)
Net financial (expense)/income	2	(4)
Profit before income taxes	(21)	(77)
Income taxes	(8)	(24)
Profit/(loss) for the period	(29)	(101)
Earnings per ordinary share (in € cents)[1]	(5.3)	(18.6)
Earnings per diluted ordinary share (in € cents)[1]	(5.3)	(18.6)

[1] In 2013 based on an average of 544,171,809 outstanding ordinary shares (2012: 543,248,166). Refer to note 31.

(in € millions, except percentages and per share data)

Assets held for disposal are no longer amortised or depreciated. The unrecognised depreciation and amortisation amounted to €5 million and the unrecognised impairment amounted to €4 million.

Cash flows - Brazil Domestic

Year ended at 31 December	2013	2012
Net cash from/(used in) operating activities	(28)	(88)
Net cash from/(used in) investing activities	5	(3)
Net cash from/(used in) financing activities	23	90
Total changes in cash	0	(1)

(in € millions)

China Domestic

Following the priorities of the *Deliver!* improvement programme on 28 March 2013, TNT Express announced the sale of its domestic road operations in China (Hoau) to private equity funds under the management of CITIC PE. This transaction followed on from TNT Express' previously announced intention to explore partnership opportunities for its domestic activities in China. In the second quarter of 2013, a loss of €15 million was recorded in other income for AMEA as a result of a fair value adjustment for China Domestic.

On 1 November 2013, TNT Express announced the completion of the sale of its domestic road operations in China (Hoau). Subject to finalisation of the completion accounts, the final transaction result amounted to around nil and the estimated proceeds for the equity and outstanding intercompany loans amounted to around €80 million, of which €61 million was received at completion in the fourth quarter.

Until completion at 1 November 2013, the revenue for China Domestic was €202 million and operating income was €-1 million as included in the income statement.

Boeing 747 freighters

The Boeing 747 freighter market is in an unprecedented imbalance of supply and demand. Following careful consideration of the likelihood of disposing of the aircraft at acceptable prices and terms on the one hand and the value of the aircraft in continued use on the other, management decided to retain the aircraft. Consequently, the two Boeing 747 freighters have been reclassified at 31 December 2013 to property, plant and equipment.

The previous impairment and fair value adjustments of in total €94 million were reversed and depreciation was restored. A depreciation amount of €24 million was included in the fourth-quarter results to recoup for the depreciation not accounted for in the years 2012 and 2013.

The total impairment and fair value adjustments of €94 million recognised in the income statement of AMEA can be specified as follows:

- €39 million is related to the reversal of a 2011 impairment charge (depreciation, amortisation and impairments);
- €17 million is related to the reversal of a 2012 fair value adjustment (other income); and
- €38 million is related to the reversal of a fair value adjustment in the second quarter of 2013 (other income).

At 31 December 2012, there were three aircraft classified as assets held for disposal. Two of these aircraft were Boeing 747 freighters. The third aircraft was sold in the first quarter of 2013 with a result of €0 million.

9 Equity: 2,420 (2012: 2,617)

At 31 December 2013, equity consisted of equity attributable to equity holders of TNT Express N.V. of €2,413 million (2012: 2,610) and non-controlling interests of €7 million (2012: 7). Equity attributable to the equity holders of TNT Express N.V. consists of the following items:

Issued share capital

At 31 December 2013, issued share capital amounted to €44 million (2012: 43). The number of authorised, issued and outstanding shares by class of share is presented in the following table:

Authorised, issued and outstanding shares

Before proposed appropriation of profit	2013	2012
Authorised by class		
Ordinary shares	750,000,000	750,000,000
Preference shares	750,000,000	750,000,000
Total authorised	1,500,000,000	1,500,000,000
Issued and outstanding		
Per 1 January of the reported year	543,272,474	543,202,420
Issued for stock dividend	1,684,952	70,054
Per 31 December of the reported year	544,957,426	543,272,474
Issued and outstanding per 31 December by class		
Ordinary shares	544,957,426	543,272,474
Preference shares	0	0

Authorised share capital

On 30 May 2011, the Articles of Association were amended by deed. As of that date, the company's authorised share capital amounts to €120 million, divided into 750,000,000 ordinary shares with a nominal value of €0.08 each and 750,000,000 preference shares with a nominal value of €0.08 each.

Form of shares

The ordinary shares are in bearer or in registered form. Ordinary shares in bearer form are represented by a global note held by the Dutch clearing system Euroclear Netherlands (formerly known as NECIGEF) and are transferable through Euroclear Netherlands' book entry system. ADRs represent ordinary shares in bearer form, held by the depositary, which are represented by the note held by Euroclear Netherlands. Ordinary shares in registered form are transferred by means of a deed of transfer and TNT Express' written acknowledgement of the transfer. TNT Express does not have share certificates for ordinary shares represented by the global note.

Incentive scheme
For administration and compliance purposes, a foundation ('*Stichting Bewaarneming Aandelen TNT*') legally holds shares under (former) incentive schemes which are beneficially owned by the employees. At 31 December 2013, the number of TNT Express shares held by the foundation amounted to 423,050 with a nominal value of €0.08 per share.

Additional paid-in capital
Additional paid-in capital amounted to €2,647 million on 31 December 2013 as the total cash dividend for 2012 of €11 million was distributed in May 2013 and a 2013 interim cash dividend of €7 million was distributed in August 2013. In 2013, a stock dividend of nominal €135,000 was distributed relating to 2012 for an amount of €79,000 and relating to the 2013 interim dividend for an amount of €56,000. The amount of paid-in capital recognised for Dutch dividend withholding tax purposes was €787 million. In 2013, the Executive Board of TNT Express decided, with the approval of the Supervisory Board, to compensate the losses out of the distributable part of the shareholders' equity. Refer to appropriation of profit as per the 2012 annual report. Consequently, retained earnings at 31 December 2012 of €353 million (before IAS 19R restatement) were compensated out of additional paid-in capital.

Legal reserve
Legal reserves include translation, hedge and other legal reserves. At 31 December 2013, the legal reserves amounted to €-84 million (2012: -4).

At 31 December 2013, the translation reserve amounted to €-128 million (2012: -49). The translation reserves reflect the movement in exchange rate differences on converting foreign subsidiaries of TNT Express N.V. into euros. These differences are charged or credited to the translation reserve, net of taxation.

At 31 December 2013, the hedge reserve amounted to €-25 million (2012: -32) and mainly contained the fair value timing difference of US$199 million (2012: US$213) of interest rate swaps and US$412 million (2012: US$412) of forward starting interest rate swaps that were unwound in 2011. The outstanding US dollar interest rate swaps have been entered into to mitigate the cash flow interest rate risk relating to the Boeing 747 freighters financial lease contracts which have variable interest conditions. The unwound forward starting swaps were entered into to hedge the interest rate risk on three Boeing 777 freighter operational lease contracts with a 12-year lease term up to the period until delivery of the aircraft when the interest component in the lease was fixed.

Movements in the cash flow hedge reserve, net of taxation, amounted to €-7 million (2012: 2) of which €-7 million (2012: 4) is related to the outstanding and unwound interest rate swaps and the remainder to foreign exchange cash flow hedges.

The net cash payments relating to the unwinding of these swaps will be recycled from equity to the income statement or to investments based on the duration of the underlying hedged items. In 2013, an amount of €-2 million (2012: -2) was recycled from the hedge reserve to the income statement. Refer to note 30 for more information.

Other legal reserves mainly relate to self-produced software, revaluation reserves and reserves required by local legislation being reclassified from other reserves in 2011.

Legal reserves cannot be distributed to the equity holders of the company.

Other reserves
At 31 December 2013, the other reserves amounted to €-69 million (2012: -92), an increase of €23 million. This increase is largely related to actuarial gains on pensions (net of tax) of €13 million, a reclassification of €8 million from the legal reserves, mainly following the amortisation of self-produced software and share-based payments of €2 million.

Retained earnings
At 31 December 2013, retained earnings amounted to €-125 million, relating to the loss for the period and the net impact on the 2012 result of the adoption of IAS 19R of €3 million. Refer to additional paid-in capital.

10 Pension assets: 3 million (2012: 1) and provisions for pension liabilities: 93 million (2012: 124)

TNT Express operates a number of post-employment benefit plans around the world. Most of TNT Express' post-employment benefit plans are defined contribution plans. The most relevant defined benefit plans are in place in the Netherlands, the United Kingdom, Germany, Australia and Italy.

Defined benefit plans in the Netherlands

In the Netherlands, TNT Express employees participate in one of three different defined benefit plans. The first pension plan, a career average plan, covers the employees who are subject to the collective labour agreement and employees with a personal labour agreement arranged as from 2007. The second pension plan covers employees with a personal labour agreement arranged before 2007. The first and second pension plans are externally funded in '*Stichting Pensioenfonds PostNL'* and '*Stichting Ondernemingspensioenfonds TNT*' respectively, for which PostNL N.V. is the co-sponsoring employer. The third pension plan covers the Dutch employees of TNT Express Fashion. Refer to note 28 for more information. As a result of revised fiscal regulations applying to Dutch pension plans as from 1 January 2014, the retirement age of the plan will change from 62,5 years to 67 years.

Some of the employees covered by the first and second pension plan also participate in defined benefit transitional plans. These transitional defined benefit plans consist of an early retirement scheme and additional arrangements that have been agreed between the company and the employees following the revised fiscal regulations applying to Dutch pension plans in 2006.

Defined benefit plans in the United Kingdom

In the United Kingdom, TNT Express contributes to a closed defined benefit plan, externally funded in a pension fund governed by a trustee. The pension entitlements are based on years of service within the plan until 1 July 2006 and final (average) salary at that time, with the pensions being revalued from then to retirement in accordance with legislation.

Defined benefit plans in Germany

In Germany, TNT Express employees participate in one of two pension plans. The first plan is a defined benefit plan closed for new entries as of 1 January 2005. The defined benefit plan provides lump sum benefits based on years of service and final salary. The defined benefit plan is funded via direct insurance with an external insurance company. The second plan, applicable to new hires as from 1 January 2005, is a defined contribution plan with a minimum return guarantee. The contributions of the defined contribution plan are invested in public investment funds administered by an external party. The risk for death and disability benefits within the defined contribution plan is directly insured with an external insurance company.

Defined benefit plans in Australia

In Australia, TNT Express contributes to several superannuation funds. With the exception of the TNT Group Superannuation Plan ('TNT GSP'), a fund with both defined benefit and defined contribution sections, all other payments are made to defined contribution plans. The TNT GSP was established under a master trust as a sub-plan of the Mercer Superannuation Trust. The defined benefit section of TNT GSP provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group companies and the Group's obligation is limited to these contributions.

Defined benefit plans in Italy

In Italy, in accordance with Italian law, employers have to pay to employees, upon the termination of employment, a lump sum indemnity ('*Trattamento di Fine Rapporto', 'TFR*'), equivalent to the total (annually revalued) benefits accrued over the years of service. Until 31 December 2006, this was an unfunded defined benefit plan whereby employers were obliged to accrue for this termination benefit. Starting from 1 January 2007, due to legislation change, TFR is no longer accrued by the employer but by external providers, mainly the National Social Security Institute. Employers contribute to the fund the equivalent of the accrued TFR. Therefore, the TFR liability for TNT Express consists of the unfunded benefits accrued up to 31 December 2006 and of the obligation reflecting the annual revaluation of these accrued benefits.

At 31 December 2013, the defined benefit plans described above covered approximately 97% of the TNT Express Group obligation for post-employment benefits and approximately 99% of the TNT Express Group plan assets.

Defined benefit pension costs recognised in the income statement

The valuation of the pension obligation of TNT Express and the determination of its pension cost are based on key assumptions that include employee turnover, mortality rates and retirement ages, discount rates, pension increases and future wage increases, which are updated on an annual basis at the beginning of each financial year. Actual circumstances may vary from these assumptions giving rise to a different pension liability at year-end. The difference between the projected pension liability based on the assumptions and the actual pension liability at year-end are reflected in the statement of financial position as part of the actuarial gains and losses. The comparative figures in the tables have been restated following the adoption of IAS 19R.

In 2013, TNT Express' expense for post-employment benefit plans was €29 million (2012: 24). Total cash contribution for post employment benefit plans in 2013 amounted to €41 million (2012: 44), of which €1 million (2012: 9) is related to recovery payment for the defined benefit plan in the Netherlands. Total cash contribution for 2014 is estimated to be around €31 million, of which €0 million is related to a recovery payment for the defined benefit plan in the Netherlands.

Specification of changes in net pension asset/(liability)

	Balance at 31 December 2012	Employer pension expense	Contributions / Other	Net actuarial gains/losses	Balance at 31 December 2013
Provision for pension liabilities	(123)	(29)	43	19	(90)
of which pension and transitional plans in the Netherlands	(77)	(26)	30	20	(53)
of which other pension plans in Europe	(42)	(2)	11	(1)	(34)
of which pension plans outside Europe	(4)	(1)	2	0	(3)
Other post-employment benefit plans	0	0	0	0	0
Total post-employment benefit plans	(123)	(29)	43	19	(90)

(in € millions)

The total net pension liability of €90 million at 31 December 2013 (net pension liability in 2012: 123) consisted of a pension asset of €3 million (2012: 1) and a pension liability of €93 million (2012: 124).

The funded status of the TNT Express' post-employment benefit plans at 31 December 2013 and 2012 and the employer pension expense for 2013 and 2012 are presented in the following table:

Pension disclosures

	2013	2012
Change in benefit obligation		
Benefit obligation at beginning of year	(666)	(499)
Service costs	(28)	(21)
Interest costs	(26)	(25)
Past service cost	3	0
Foreign currency effects	4	(1)
Reclassification	0	(30)
Actuarial (loss)/gain	70	(106)
Benefits paid	18	16
Settlements	0	0
Benefit obligation at end of year	(625)	(666)
Change in plan assets		
Fair value of plan assets at beginning of year	543	460
Actual return on plan assets	(29)	52
Contributions	41	44
Other movements administration cost	(1)	0
Other movements	2	1
Foreign currency effects	(3)	0
Benefits paid	(18)	(14)
Settlements	0	0
Fair value of plan assets at end of year	535	543
Funded status at 31 December		
Funded status	(90)	(123)
Pension assets/liabilities	(90)	(123)
Other employee benefit plans	0	0
Net pension asset/(liability)	(90)	(123)
Components of employer pension expense		
Service costs	(28)	(21)
Interest income/(expense)	(3)	(3)
Past service cost	3	0
Other movements administration cost	(1)	0
Employer pension expense	(29)	(24)
Other post-employment benefit plan expenses	0	0
Total post-employment benefit expenses	(29)	(24)
Weighted average assumptions as at 31 December		
Discount rate	3.9%	3.9%
Expected return on plan assets	3.9%	3.9%
Rate of compensation increase	2.1%	2.1%
Rate of benefit increase	1.6%	1.5%

(in € millions, except percentages)

TNT Express' pension expense is affected by the discount rate used to measure pension obligations. Management reviews these and other assumptions every year. Measurement date for TNT Express' post-employment benefits is 31 December. Changes in assumptions may occur as a result of economic and market conditions. If actual results differ from those assumed, this will generate actuarial gains or losses.

IAS 19R *Employee Benefits* requires an entity to determine the rates used to discount employee benefit obligations with reference to market yields on high-quality corporate bonds. The first step of the process is to identify a set of bonds that accurately reflects the relationship between yield and remaining time to maturity for high-quality corporate bonds. For this, TNT Express uses the iBoxx AA-rated corporate bond universe. Using the bond selection, regression analysis is used to find the best-fitting curve that states yield-to-maturity as a function of remaining time to maturity. The Nelson-Siegel model is applied to fit the curve towards TNT Express' 22-year duration. The resulting discount rate per 31 December 2013 was 3.9% (2012: 3.9%).

The expected return on plan assets equals the used discount rate.

Assumptions regarding future mortality are based on advice, published statistics and experience per country. The average life expectancy of men after retiring at the average age of 67 is 20 years (2012: 22). The equivalent life expectancy for women is 22 years (2012: 24).

Funded status defined benefit plans

The following table reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets with the provision for post-employment benefit plans. Included in the provision for pension liabilities is the unfunded defined benefit TFR plan in Italy of €25 million (2012: 25).

Statement of financial position calculations

At 31 December	2013	2012
Present value of funded benefit obligations	(560)	(596)
Fair value of plan assets	535	543
(Un)funded status	(25)	(53)
Present value of unfunded benefit obligations	(65)	(70)
Other employee benefit plans	0	0
Net pension asset(liability)	(90)	(123)
of which included in pension assets	3	1
of which included in provisions for pension liabilities	(93)	(124)

(in € millions)

The following table shows the sensitivity of the employer pension expense to deviations in assumptions:

Sensitivity of assumptions

	% Change in assumptions	Change in employer pension expense
Employer pension expense 2013		(29)
Discount rate	+ 0.5%	(8)
Rate of compensation increase	+ 0.5%	(1)
Rate of benefit increase	+ 0.5%	3
Employer pension expense 2013		(29)
Discount rate	- 0.5%	4
Rate of compensation increase	- 0.5%	(3)
Rate of benefit increase	- 0.5%	(7)

(in € millions, except percentages)

The following table shows the defined benefit obligation, fair value of plan assets and experience adjustments thereon for the current annual period and previous annual period. The experience adjustment is the difference between the expected and actual position at the end of the year.

Status of funding

At 31 December	2013	2012
Funded and unfunded defined benefit obligation	(625)	(666)
Experience adjustment gain/(loss)	9.2%	-18.9%
Fair value of plan assets	535	543
Experience adjustment gain/(loss)	-8.4%	4.2%
(Un)funded status	(90)	(123)

(in € millions, except percentages)

The following table shows the expected future benefit payments per year related to TNT Express' main defined benefit plans for the coming five years. The benefits include all expected payments by these plans to the pensioners.

Expected benefit payments

Year	Amounts
2014	15
2015	13
2016	14
2017	14
2018	15

(in € millions)

11 Other provisions: 190 million (2012: 172)

Specification of other provisions

	Other employee benefit obligations	Restructuring	Claims and indemnities	Other	Total
Balance at 31 December 2012	50	11	41	70	172
of which included in other provisions (non-current)	33	6	21	46	106
of which included in other provisions (current)	17	5	20	24	66
Changes in 2013					
Additions	7	90	9	14	120
Withdrawals	(5)	(31)	(7)	(2)	(45)
Exchange rate differences	(4)		(4)		(8)
Reclassification					0
Other/releases		(1)		(13)	(14)
Transfer to liabilities held for sale		(6)	(2)	(27)	(35)
Total changes	(2)	52	(4)	(28)	18
Balance at 31 December 2013	48	63	37	42	190
of which included in other provisions (non-current)	35	1	20	13	69
of which included in other provisions (current)	13	62	17	29	121

(in € millions)

At 31 December 2013, other employee benefit obligations consisted of provisions relating to jubilee payments of €18 million (2012: 20), long-service benefits of €11 million (2012: 7) and other employee benefits of €19 million (2012: 23). Short-term employee benefits, such as salaries, profit-sharing and bonuses are discussed in note 18.

At 31 December 2013, the restructuring provision amounted to €63 million (2012: 11), of which €59 million (2012: 0) is related to restructuring in Europe Main, €1 million (2012: 1) in Europe Other & Americas, €0 million (2012: 1) in Pacific, €0 million (2012: 0) in AMEA, €3 million (2012: 3) in Unallocated and €0 million (2012: 6) in Brazil Domestic. The provision for Brazil Domestic is presented as part of liabilities related to assets held for disposal.

The total restructuring-related charge for 2013 amounted to €90 million (2012: 9) of which €72 million (2012: 1) is related to redundancy programmes in Europe Main, €2 million (2012: 1) in Europe Other & Americas, €5 million (2012: 1) in Pacific, €2 million (2012: 0) in AMEA, €9 million (2012: 0) in Unallocated and €0 million (2012: 6) in Brazil Domestic.

The withdrawals from the restructuring provisions of €31 million (2012: 14) were related to settlement payments following restructuring programmes for an amount of €13 million in Europe Main (2012: 3), €2 million (2012: 2) in Europe Other & Americas, €5 million (2012: 1) in Pacific, €2 million (2012: 0) in AMEA and €9 million (2012: 8) in Unallocated.

In 2013, around 1,500 FTEs (2012: around 1,600) were made redundant.

Provisions for claims and indemnities include provisions for claims from third parties, mainly customers, with respect to the ordinary business activities of TNT Express. At 31 December 2013, provision for claims and indemnities of €12 million (2012: 11) is related to Europe Main, €5 million (2012: 5) in Europe Other & Americas, €15 million (2012: 17) in Pacific, €0 million (2012: 0) in AMEA and €5 million (2012: 4) in Unallocated. The provision for Brazil Domestic is presented as part of liabilities related to assets held for disposal.

Other provisions consist of provision for legal obligations, dilapidation, onerous contracts and other risks incurred in the course of normal business operations. At 31 December 2013, other provisions amounted to €42 million (2012: 70), of which €18 million (2012: 21) in Europe Main, €4 million (2012: 2) in Europe Other & Americas, €2 million (2012: 3) in Pacific, €8 million (2012: 4) in AMEA, €10 million (2012: 16) in Unallocated and €0 million (2012: 24) in Brazil Domestic. The provision for Brazil Domestic is presented as part of liabilities related to assets held for disposal.

The estimated utilisation is €121 million in 2014, €23 million in 2015, €12 million in 2016 and in 2017 and beyond €34 million.

12 Long-term debt: 176 million (2012: 191)

Specification of long-term debt

At 31 December	2013 Carrying amount	2013 Fair value	2012 Carrying amount	2012 Fair value
Finance leases	139	141	159	163
Other loans	3	3	6	5
Derivatives	34	34	26	26
Total long-term debt	176	178	191	194

(in € millions)

In the table above, the fair value of long-term interest-bearing debt, net of its current portion, has been determined by calculating the discounted value of the future cash flows (redemption and interest) using the interbank zero coupon curve. The carrying amounts of the current portion of long-term debt approximate their fair value.

The following table sets forth the carrying amounts of interest-bearing long-term liabilities (including the current portion) during each of the following five years and thereafter:

Total borrowings

	Finance leases	Other loans	Derivatives	Short-term bank debt	Total
2014	16	1		28	45
2015	14	1	17		32
2016	67	1	8		76
2017	58	1	9		68
2018					0
Thereafter					0
Total borrowings	155	4	34	28	221
of which included in long-term debt	139	3	34		176
of which included in other current liabilities	16	1		28	45

(in € millions)

Refer to notes 29 and 30 for underlying details of the financial instruments.

13 Other current liabilities: 279 million (2012: 297)

Specification of other current liabilities

At 31 December	2013	2012
Short-term bank debt	28	20
Other short-term debt	17	25
Total current borrowings	45	45
Taxes and social security contributions	112	118
Expenses to be paid	21	24
Other	101	110
Total	279	297

(in € millions)

Total current borrowings

Other short-term debt includes short-term bank facilities of €1 million (2012: 8) and the current portion of outstanding finance lease liabilities of €16 million (2012: 17). There were no balances as of 31 December 2013 expected to be settled after 12 months (2012: 0).

Other includes outstanding short-term foreign exchange forward contracts amounting to €8 million (2012: 29), liabilties related to salaries and wages of €13 million (2012: 12), agent and supplier refundable deposits of €13 million (2012: 13), liability for import duties of €13 million (2012: 12), cash on delivery collections on behalf of customers of €10 million (2012:10), liabilities for employee redundancies of €8 million (2012: 0) and other miscellaneous items of €36 million (2012: 34).

The fair value of outstanding short-term foreign exchange forward contracts has been calculated at the relevant (forward) market rates at 31 December 2013. Refer to note 30 for the notional principal amount of the outstanding foreign exchange forward contracts.

Other current liabilities of €9 million (2012: 21) were included in liabilities related to assets held for disposal.

14 Accrued current liabilities: 477 million (2012: 504)

Specification of accrued liabilities

At 31 December	2013	2012
Amounts received in advance	14	19
Expenses to be paid	320	327
Vacation days/vacation payments	72	74
Other accrued current liabilities	71	84
Total	477	504

(in € millions)

Of the total, an amount of €5 million is expected to be settled after 12 months (2012: 7).

Accrued current liabilities of €10 million (2012: 17) were included in liabilities related to assets held for disposal.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

15 Net sales: 6,516 million (2012: 6,858)

The net sales of TNT Express relate to the trading activities of the reportable segments Europe Main, Europe Other & Americas, Pacific and AMEA and Other Networks and Central Networks, arising from rendering of services. Net sales allocated by geographical area in the country or region in which the entity records sales is detailed in note 34.

16 Other operating revenue: 177 million (2012: 165)

Other operating revenue is related to the tendering of services not related to TNT Express' core trading activities, and includes the sale of unutilised air cargo space to third parties of €109 million (2012: 95), operation of aircraft for third parties (including charters and wet leases) of €44 million (2012: 45) and other services including customs clearance, maintenance and ground handling of €24 million (2012: 25).

17 Other income/(loss): 208 million (2012: -12)

Other income in 2013 included the receipt of the UPS termination fee of €200 million, an amount of €4 million relating to the settlement of a claim, the reversal of the 2012 fair value adjustment of the two Boeing 747 freighters of €17 million (2012: -17) and miscellaneous items of €2 million, partly offset by a fair value adjustment of €-15 million (2012: 0) relating to China Domestic.

18 Salaries and social security contributions: 2,174 million (2012: 2,178)

Specification of salaries and social security contributions

Year ended at 31 December	2013	2012
Salaries	1,787	1,788
Share-based compensation	2	0
Pension charges:		
Defined benefit plans	29	24
Defined contribution plans	39	41
Social security charges	317	325
Total	2,174	2,178

(in € millions)

Social security charges include the one-off employer tax according to Dutch law of €1 million (2012: 1).

Refer to note 10 for additional information on the defined benefit plans expense of €29 million.

Labour force	2013	2012
Employees[1]		
Europe Main	23,325	24,368
Europe Other & Americas	10,231	10,500
Pacific	4,338	4,568
AMEA	9,529	15,880
Unallocated[2]	5,712	5,851
Total at year-end	53,135	61,167
Employees of joint ventures[3]	994	1,006
External agency staff at year-end	12,731	13,131
Average full-time equivalents (FTEs)[1]		
Europe Main	22,782	23,527
Europe Other & Americas	9,796	9,958
Pacific	4,957	5,119
AMEA	15,540	17,417
Unallocated[2]	5,150	5,337
Total year average	58,225	61,358
FTEs of joint ventures[3]	892	902

[1] Including temporary employees on TNT Express' payroll.
[2] Including employees and FTEs in Head Office and Global IT Support Centre.
[3] These numbers represent all employees and FTEs in the joint ventures.

The average number of FTEs (excluding Brazil Domestic) working at TNT Express during 2013 was 58,225, which decreased by 3,133 compared to year-to-date 2012. China Domestic is included until sale. This decrease was mainly due to outsourcing in 2012 of certain activities in China, the closure of the domestic air network in India in 2012 and in 2013 a reduction in FTEs in the United Kingdom due to the discontinuation of a major fashion contract and to further restructuring. The average number of FTEs relating to discontinued operations amounted to 7,527 (2012: 8,457).

The headcount as at 31 December 2013 decreased compared to 31 December 2012, largely due to the sale of China Domestic and the reduction in headcount in the United Kingdom following the discontinuation of a major fashion contract and to further restructuring.

In this note, certain comparative figures have been reclassified to conform to the current year's financial statement segments presentation.

Hereafter relevant incentive schemes and costs recognised for senior management are further disclosed.

Senior management

A selected group of senior managers may participate in variable income schemes. Participation and application of the variable income schemes for senior management depends on the decision of the Executive Board. The related costs recognised in the income statement for 2013 amount to €1.9 million.

The figures disclosed in the following tables are excluding the amounts related to the members of the Executive Board which are disclosed in note 19.

Bonus/matching plan

Members of a selected group of managers may on a voluntary basis participate in the bonus/matching plan. In such case, they can convert 25% of their gross bonus paid in cash in TNT Express shares (in the plan called: bonus shares) with an associated matching right if at least 50% of the bonus shares is kept for three years.

The company sees the bonus/matching plan as part of the remuneration package for the members of its senior management, and it is particularly aimed at further aligning the objectives of senior management with the interests of shareholders and long-term value creation.

Grants are made in accordance with the bonus/matching plan, which has been approved by the Supervisory Board. For the 2011 grant, the matching rights comprise phantom shares so that after three years the rights under this plan will be settled in cash.

The significant aspects of the 2011 bonus/matching plan are:

- Bonus shares are purchased from the participant's net proceeds using 25% of the gross bonus amount. The matching right is granted upon the purchase of the bonus shares.
- From the net proceeds the bonus shares are purchased on Euronext Amsterdam (6 June 2011: average purchase price of €9.47/share).
- The rights to phantom shares are granted for zero costs and the number of phantom shares is equal to the number of bonus shares (matching on a one-to-one basis).
- The value at vesting of the phantom shares is delivered in cash after a holding period of three years after the grant.
- For each bonus share that is sold within three years, the associated right to one matching phantom share lapses. If more than 50% of the bonus shares is sold within three years, the entire right to matching phantom shares lapses with immediate effect.
- Where a participant leaves the company for certain reasons (retirement, certain reorganisations, disability or death) the matching right will vest immediately and he/she receives cash on a pro rata basis.
- A participant loses the matching right with immediate effect in case he/she leaves the company for reasons other than those mentioned above.

In 2012, due to the intended merger with UPS, there was no grant of bonus/matching shares.

The Executive Board decided not to provide for a bonus/matching share grant in 2013 for senior management.

The following table shows the number of phantom shares comprising the matching rights:

Bonus/matching plan

	Bonus/matching plan: Number of matching rights to phantom shares			
	Outstanding 31 December 2012	Granted during 2013	Vested or forfeited during 2013	Outstanding 31 December 2013
Senior management	71,597	0	7,382	64,215
Total	71,597	0	7,382	64,215

The total costs incurred for the plan in 2013 are €75,965. These costs are calculated as the difference between the fair value in equity at 31 December 2012 and the fair value at 31 December 2013, increased with the actual cash out for the vested rights in 2013.

The fair value of a bonus/matching share at 31 December 2013 is €6.72. This is based on the share price (€6.75) at Euronext Amsterdam at 31 December 2013, corrected for a dividend yield for the remaining vesting period.

One-off investment/matching plan

In 2011, before the demerger of the express activities, in order to align the objectives of members of the Executive Board and (senior) management with long-term value creation and the interests of shareholders, the Supervisory Board of TNT N.V. decided to apply a voluntary one-off investment/matching plan in which the cash proceeds from the unwinding of the TNT N.V. bonus/matching plan, performance share plan and option plan could – post demerger – be invested in TNT Express N.V shares. The participants in these plans could elect to invest from their net proceeds an amount equal to 25% or 50% of their total gross unwinding-related sum (but not more than the net proceeds thereof) in TNT Express shares. On the same date these shares (in the plan called: investment shares) were purchased, the participant received, free of charge, a matching right on phantom shares, representing the value in cash of half of the number of investment shares (matching on a 1: 0.5 basis). This matching right will vest and the cash value of the phantom shares comprising the matching right will be paid after three years, provided that the participant has remained an employee throughout and still owns at least 50% of his/her investment shares. If prior to vesting the participant sold more than half of his/her investment shares, the matching right will forfeit in full, and, if the participant sold 50% or fewer of his/her investment shares, the number of phantom shares comprising the matching right will be reduced proportionally.

From the cash sum invested, the shares are purchased on Euronext Amsterdam (2 August 2011: average purchase price of €7.68/share).

The following table shows the number of phantom shares granted to senior management, excluding the matching rights granted to Mr Seyger before his appointment as CFO ad interim. Refer to the tables in note 19 for the disclosure of his matching rights.

One-off investment/matching plan

	Investment/matching plan: Number of matching rights to phantom shares		
	Outstanding 31 December 2012	Vested or forfeited during 2013	Outstanding 31 December 2013
Senior management	59,016	5,605	53,411
Total	59,016	5,605	53,411

The total costs incurred for the plan in 2013 are €68,880. These costs are calculated as the difference between the fair value in equity at 31 December 2012 and the fair value at 31 December 2013, increased with the actual cash out for the vested rights in 2013. The fair value at 31 December 2013 is based on the value per share (year-end) and taking into account the period lapsed from the total three-year vesting period.

The fair value of an investment/matching share at 31 December 2013 is €6.69. This is based on the share price (€6.75) at Euronext Amsterdam at 31 December 2013, corrected for a dividend yield for the remaining vesting period.

Performance share plan

2013 Grant

On 30 April 2013, the first grant under the TNT Express performance share plan occurred for a selected group of senior managers. The number of shares comprised in the share award reflects the position that the participant holds and management's assessment of his/her future contribution to the company.

The performance shares vest after a three-year period, upon continued employment. The actual number of shares that vest depends on the performance of the following performance measures:

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

The actual number of 2013 performance shares that will vest at the vesting date will be determined by the TSR performance over the period 2013 to 2016 and the performance on the non-financial targets over three calendar years preceding the vesting date.

The maximum number of shares that can vest under the plan amounts to 100% of the base allocation.

The total costs incurred in 2013 for the 2013 grant, amount in total to €1,283,645 and are based on a fair value of €4.49 per share as the average of a fair value of €3.23 per share for the TSR and €5.75 per share for the non-financial elements. These total costs are based on the assumption of a 78% average probability of meeting the non-financial targets.

The fair value of the 50% TSR portion has been measured using the Monte Carlo fair value measurement method. The fair value of the 50% non-financial portion is derived form the share price at Euronext Amsterdam at the grant date (30 April 2013: €5.83), corrected for the dividend yield for the three-year vesting period. Significant assumptions used in the calculations are as follows:

	2013
Share price (in €)	5.83
Volatility (%)	25.15
Vesting period (in years)	3
Risk free rate (%)	0.65
Dividend yield (%)	0.51

2012 Compensation grant

Due to the intended merger with UPS, the 2012 grant of performance shares did not take place. In 2013, the Supervisory Board decided to provide for a limited 2012 compensation grant by excluding the 50% grant value, related to the TSR performance of the company. As a result, the grant value of this compensation grant is only based on the value (50%) that in the regular grant is related to the performance of the company on the non-financial targets.

For the 2012 compensation grant the following specific rules apply:

- the regular three-year vesting period is shortened to two years;
- the actual number of awarded compensation shares is adjusted for the 2012 achievement of the non-financial targets, being 66.67%; and
- the vesting of the awarded compensation shares is contingent on continued employment at the vesting date.

The total costs incurred in 2013 for the 2012 compensation grant amount in total to €490,551 and are based on a fair value of €5.78 per share. The fair value is based on the share price at Euronext Amsterdam at the grant date (30 April 2013: €5.83), corrected for the dividend yield for the two-year vesting period.

The following table shows the number of rights to performance shares related to the 2013 grant and to the 2012 compensation grant for senior management:

Rights to performance shares	Number of rights to performance shares					
	Outstanding 31 December 2012	Granted during 2013[1]	Vested during 2013	Forfeited during 2013	Outstanding 31 December 2013	Remaining years in contractual life[2]
Senior management	0	1,884,469	4,990	95,195	1,784,284	2.3
Total	0	1,884,469	4,990	95,195	1,784,284	2.3

[1]The 2013 grant of performance shares includes both the regular 2013 grant and the 2012 compensation grant.
[2]This column shows the remaining years of the regular 2013 grant; 1.3 years remain for the 2012 compensation grant.

Settlement of obligations under the equity-settled schemes
TNT Express manages the obligations the company has under the existing share plans by purchasing shares on the market the moment such obligation arises. At 31 December 2013, the company held no shares for the purpose of covering any obligations under the existing plans (2012: 0 shares, as that year the company did not operate an equity-settled scheme).

19 Remuneration of members of the Supervisory Board and Executive Board

Remuneration of members of the Supervisory Board
For the year 2013, the remuneration of the members of the Supervisory Board amounted to €451,890.

The remuneration of individual members of the Supervisory Board is set out in the following table:

Remuneration of the Supervisory Board	Base fee[1]	Additional meetings fee[2]	Other payments[3]	Total remuneration 2013	Total remuneration 2012
Mr Burgmans	60,000	15,000	7,500	82,500	110,000
Mr Gunning[4]	6,780	7,500	1,500	15,780	76,000
Ms Harris	45,000	9,000	28,000	82,000	88,000
Mr King	45,000	9,000	24,000	78,000	89,500
Mr Levy	45,000	9,000	30,500	84,500	96,500
Ms Scheltema	45,000	9,000	13,500	67,500	75,000
Mr Vollebregt[5]	32,610	1,500	7,500	41,610	0
Total	279,390	60,000	112,500	451,890	535,000

[1]Base fees include payments for membership of the Supervisory Board.
[2]Payments relating to attended Supervisory Board meetings over and above the usual business calendar.
[3]Payments relating to the number of attended committee meetings, including travel allowance for foreign members.
[4]Mr Gunning resigned from the Supervisory Board on 25 February 2013 in view of his potential nomination as CEO.
[5]Mr Vollebregt was appointed member of the Supervisory Board as of 10 April 2013.
(in €)

No equity was granted to members of the Supervisory Board and none of the members of the Supervisory Board accrued any pension rights with the company. Moreover, the members of the Supervisory Board do not receive any severance payments in the event of termination nor will they be entitled to a contractual severance payment in the event of removal by the general meeting of shareholders.

TNT Express does not grant loans, including mortgage loans, or provide guarantees to any member of the Supervisory Board.

Remuneration of members of the Executive Board
In 2013, the total remuneration of the Executive Board consisted of:
- base compensation;
- temporary allowance for the ad interim appointed CEO and CFO;
- other periodic paid compensation;

- pension;
- variable compensation (accrued short-term and long-term incentive); and
- one-off employer tax.

In the paragraphs below, the 2013 values of each of these remuneration elements are reported per member of the Executive Board.

Total remuneration

Effective 1 June 2013, Mr Gunning joined the Executive Board in the position of CEO, simultaneously Mr Bot resigned as CEO ad interim, and remained in his position as CFO and Mr Seyger resigned as CFO ad interim and was reappointed as Senior Finance Officer.

For the members of the Executive Board in charge per ultimo 2013, the total remuneration, including base compensation, temporary allowance for the ad interim assignment of Mr Bot, short-term incentive, long-term incentive, pension costs and the one-off employer tax amounted to €1,634,142. The total remuneration costs in 2012 for members of the Executive Board in charge per ultimo 2012, being Mr Bot and Mr Seyger, amounted to €1,092,288.

The 2013 remuneration of the individual members of the Executive Board is set out in the following table. In this table the costs are specified per remuneration component. All reported amounts relate to the period of their assignment as member (ad interim) of the Executive Board.

Remuneration of the Executive Board

	Base compensation	Temporary allowance	Other periodic paid compensation	Pension costs	Accrued for short-term incentive	Accrued for long-term incentive	One-off employer Tax	Total 2013	Total 2012[5]
Tex Gunning[1]	437,500	0	20,099	109,375	0	0	65,593	632,567	0
Bernard Bot[2]	500,000	104,167	59,385	168,363	40,466	40,149	89,045	1,001,575	931,349
Total current members	937,500	104,167	79,484	277,738	40,466	40,149	154,638	1,634,142	931,349
Jeroen Seyger[3]	100,540	112,071	14,582	23,707	3,739	30,586	23,282	308,507	160,939
Marie-Christine Lombard[4]	0	0	0	0	0	0	0	0	1,002,186
Total former members	100,540	112,071	14,582	23,707	3,739	30,586	23,282	308,507	1,163,125

[1]As of 1 June 2013 Mr Gunning was assigned as CEO.
[2]In 2013, Mr Bot was CEO ad interim from 1 January through 31 May, he remained CFO as of 1 June.
[3]In 2013, Mr Seyger was CFO ad interim from 1 January through 31 May, the reported amounts relate to his income as CFO ad interim. In 2012, Mr Seyger was CFO ad interim as of 8 October.
[4]Ms Lombard resigned from the company as of 1 October 2012.
[5]For comparative purposes numbers have been adjusted for the 2012 one-off employer tax.
(in €)

TNT Express does not grant loans, including mortgage loans, or provide guarantees to any member of the Executive Board.

Base compensation

The total base fee paid to Mr Gunning amounted to €437,500. The total base salaries paid to Mr Bot and to Mr Seyger amounted to €500,000 and €100,540, respectively. The base salary for Mr Bot remained unchanged in 2013. The base salary of Mr Seyger remained unchanged for the period of his ad interim assignment as member of the Executive Board.

Temporary allowance for the ad interim appointed CEO and CFO

The amount of the temporary allowance for Mr Bot equals the difference between the base salary of the former CEO, and the base salary of Mr Bot as CFO. The temporary allowance for Mr Seyger equals the difference between the base salary of the former CFO and his base salary in his position prior to his assignment as CFO ad interim.

In 2013, the temporary allowance is paid out for the period 1 January 2013 through 31 May 2013. Mr Bot and Mr Seyger received a total temporary allowance of €104,167 gross and €112,071 gross, respectively.

Other periodic paid compensation

The other periodic paid compensation includes company costs related to tax and social security, company car and other costs.

Pension

Mr Gunning is not eligible to participate in the company's pension scheme for members of the Executive Board. A monthly compensation of 25% of his monthly base fee is made available for a retirement provision.

The pension costs for Mr Bot and Mr Seyger consist of the service costs for the reported year. Mr Bot is a participant in a career average defined benefit scheme. For Mr Seyger, his existing senior management pension scheme (final pay scheme for employees with an employment contract before 1 January 2007) remained applicable during the period of his ad interim appointment.

Variable compensation

The following table shows the total accrued variable compensation in 2013 to the members of the Executive Board:

Total variable compensation

	Accrued for short-term incentive	Accrued for long-term incentive	Total variable compensation 2013
Tex Gunning	0	0	0
Bernard Bot	40,466	40,149	80,615
Total current members	40,466	40,149	80,615
Jeroen Seyger	3,739	30,586	34,325
Total former member	3,739	30,586	34,325

(in €)

Accrued short-term incentive

The accrued short-term incentive consists of the accrued bonuses for the performance of the year reported, paid in cash in the next year and the 2013 costs relating to the bonus/matching plan and the costs of the one-off investment/matching plan, launched after the demerger of TNT N.V.

The 2013 accrued short-term incentive amounts for the Executive Board are as set out in the following table:

Total short-term incentive

	Accrued for 2013 bonus	Accrued for bonus matching shares	Accrued for investment matching shares	Accrued for short-term incentive 2013
Tex Gunning	0	0	0	0
Bernard Bot	0	33,906	6,560	40,466
Total current members	0	33,906	6,560	40,466
Jeroen Seyger	0	0	3,739	3,739
Total former member	0	0	3,739	3,739

(in €)

Taking into account the current performance of and the major restructurings within the company, Mr Gunning and Mr Bot have decided to fully waive any of their 2013 short-term incentive entitlements.

Bonus/matching share plan

In 2013, appointed members of the Executive Board could on a voluntary basis participate in the bonus/matching plan by investing a maximum of 50% of the gross payout of the short-term incentive of the previous year. However, the investment in TNT Express shares cannot be more than the net proceeds of the bonus. After a three-year holding period, these shares will be matched on a one-to-one basis and settled in shares.

In the event that the company results' target is met every year during this three-year holding period, a maximum additional match will be made on a one-to-two basis, resulting in a total award of three matching shares. If the performance is below the company results' target, there is no delivery of additional matching shares for that specific year.

The matching of bonus shares occurs under the condition of continued employment and if at least 50% of the bonus/matching shares is retained during the holding period.

In 2013, only the CFO was eligible for participation in the bonus/matching plan. Mr Bot invested the maximum net proceeds of his 2012 bonus, as allowed under the plan, being in total €48,000. From this amount 8,140 shares were purchased on Euronext Amsterdam (4 June 2013: average purchase price of €5.90/share). The granted matching right comprises three times the number of purchased shares.

The following table summarises the number of outstanding bonus/matching shares per member of the Executive Board**:**

Bonus/matching plan

	Bonus/matching plan: Number of matching rights to shares			
	Outstanding 31 December 2012	Granted during 2013	Vested or forfeited during 2013	Outstanding 31 December 2013
Tex Gunning	0	0	0	0
Bernard Bot	0	24,420	0	24,420
Total current members	0	24,420	0	24,420
Jeroen Seyger	0	0	0	0
Total former member	0	0	0	0

The costs incurred for the plan in 2013 amount in total to €33,906 and are based on the fair value per share and the following assumptions:

- the holding period criterium will be fully met, taking into account the relevant period lapsed (8 months) from the total three-year vesting period; and
- an average probability of 90% during the holding period that the company results' target is met every year, multiplied with the factor 12/41 representing the relevant period lapsed.

The fair value per share of €5.78 is derived from the share price at Euronext Amsterdam at the grant date (4 June 2013: €5.78), corrected for a dividend yield for the three-year vesting period.

One-off investment/matching plan

In 2011, before the demerger of the express activities, the Supervisory Board of TNT N.V. decided to apply a voluntary one-off investment/matching plan in which the cash proceeds from the unwinding of the TNT N.V. bonus/matching plan, performance share plan and option plan could – post-demerger – be invested in TNT Express N.V shares in order to align the objectives of members of the Executive Board and (senior) management with long-term value creation and the interests of shareholders. Refer to note 18 for details of the one-off investment/matching plan.

The following table shows the number of phantom shares, comprising the matching rights, granted to the members of the Executive Board under the one-off investment/matching plan:

One-off investment/matching plan

	Investment/matching plan: Number of matching rights to phantom shares		
	Outstanding 31 December 2012	Vested or forfeited during 2013	Outstanding 31 December 2013
Bernard Bot	4,656	0	4,656
Total current member	4,656	0	4,656
Jeroen Seyger	2,275	0	2,275
Total former member	2,275	0	2,275

The total costs incurred for the plan in 2013 are €10,299. Refer to note 18 for details of the calculation of the costs of the one-off investment/matching plan.

Accrued long-term incentive

Costs of the long-term incentive

2013 grant
On 30 April 2013, the first grant under the TNT Express performance share plan occurred. Refer to note 18 for details of the performance share plan including assumptions used for valuation.

The 2013 grant of performance shares for the members of the Executive Board was based on a value of 30% of their annual base compensation. The actual number of rights to shares granted is determined by dividing the available amount (30% of the annual base compensation) by the fair value of the right to a share according to IFRS.

At the time of the grant Mr Gunning was not yet a member of the Executive Board and therefore not eligible for the 2013 grant.

2012 Compensation grant
Due to the intended merger with UPS, the 2012 grant of performance shares did not take place. In 2013, the Supervisory Board decided to provide for a limited 2012 compensation grant by excluding the grant value related to the TSR performance of the company (50% weight). The grant value of this compensation grant was therefore only based on the value that related to the performance of the company on non-financial targets (50% weight). For the 2012 compensation grant specific rules apply, refer to note 18 for more details. This resulted in a grant of 10% of the annual base compensation for each of the members of the Executive Board (30% annual base compensation x 50% grant value related to non-financial targets x 2012 performance score on non-financial targets of 66.67%). The actual number of rights to shares granted is determined by dividing the available amount (10% of the annual base compensation) by the fair value of the right to a share according to IFRS.

Mr Gunning was not eligible for this compensation award since he was not a member of the Executive Board in 2012.

The following table summarises the status of the rights awarded in 2013 under the performance share plan and the 2012 compensation grant to the members of the Executive Board:

Rights to performance shares	Number of rights to performance shares					
	Outstanding 31 December 2012	Granted during 2013[1]	Vested during 2013	Forfeited during 2013	Outstanding 31 December 2013	Remaining years in contractual life[2]
Tex Gunning	0	0	0	0	0	0
Bernard Bot	0	42,073	0	0	42,073	2.3
Total current members	0	42,073	0	0	42,073	2.3
Jeroen Seyger	0	32,052	0	0	32,052	2.3
Total former member	0	32,052	0	0	32,052	2.3

[1]The 2013 grant of performance shares includes both the regular 2013 grant and the 2012 compensation grant.
[2]This column shows the remaining years of the regular 2013 grant; 1.3 years remain for the 2012 compensation grant.

The following table shows the costs of the rights on performance shares related to the 2013 grant and to the 2012 compensation grant for both Mr Bot and Mr Seyger:

Performance share plan costs

	Costs in 2013 from performance shares granted in 2013	Costs in 2013 from 2012 compensation grant	Accrued for long-term incentive
Tex Gunning	0	0	0
Bernard Bot	29,037	11,112	40,149
Total current members	29,037	11,112	40,149
Jeroen Seyger	22,121	8,465	30,586
Total former member	22,121	8,465	30,586

(in €)

The costs incurred in 2013 for the 2013 grant amount in total to €51,158. Refer to note 18 for details of the calculation of the costs of the 2013 grant under the performance share plan.

The costs incurred in 2013 for the 2012 compensation grant amount in total to €19,577. Refer to note 18 for details of the calculation of the costs of the 2012 compensation grant under the performance share plan.

Vesting of the long-term incentive

Based on the interim TSR percentage available and the realised performance on the non-financial targets, both applicable for the 2013 performance share grant, the following table shows the pro forma vesting of the unvested performance shares, as if the performance period ended at 31 December 2013.

Performance share plan

		Performance shares	
	Year[1]	Vesting % of base allocation	Vesting as if per 31 December 2013
Tex Gunning	2013	0	0
Bernard Bot	2013	50.9%	25,660
Total current members			25,660
Jeroen Seyger	2013	50.9%	19,548
Total former member			19,548

[1]The table includes both the regular 2013 grant and the 2012 compensation grant.

(in €)

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

One-off employer tax

According to Dutch tax law a one-off employer tax charge was applied on the portion of 2013 employees' salaries exceeding €150,000. This charge amounted to €65,593 and €89,045 for Mr Gunning and Mr Bot, respectively. For Mr Seyger the one-off employer tax charge was €23,282.

20 Depreciation, amortisation and impairments: 433 million (2012: 281)

Specification of depreciation, amortisation and impairments

Year ended at 31 December	2013	2012
Amortisation of intangible assets	39	49
Depreciation of property, plant and equipment	136	137
Impairment of intangible assets	296	95
Impairment of property, plant and equipment	1	
Reversal of impairment on aircraft	(39)	
Total	433	281

(in € millions)

The amortisation of intangible assets of €39 million (2012: 49) was related to software for €38 million (2012: 47) and other intangibles for €1 million (2012: 2).

The impairment of intangible assets in 2013 was related to goodwill impairment of €296 million. Refer to note 1. The reversal of impairment on aircraft relates to the reversal of the 2011 impairment charge of the Boeing 747 freighters of €39 million. Refer to note 8.

In 2012, the impairment of intangible assets of €95 million was related to €75 million goodwill impairment related to China Domestic, €19 million for goodwill impairment related to India Domestic and €1 million for software development projects that were no longer deemed viable. The goodwill impairment of €75 million for China Domestic was related to the write down of its carrying amount as a result of it being classified as an asset held for disposal in 2012. The goodwill impairment of €19 million for India Domestic was related to the finalisation of the exit of the Indian domestic business and the liquidation of the related legal entity.

In 2012, impairment of property, plant and equipment of €1 million was related to vehicles classified as assets held for disposal.

21 Other operating expenses: 230 million (2012: 235)

The other operating expenses consisted of government legal fees, marketing, consulting and shared services cost and auditors fees.

In 2013, fees for audit services included the audit of TNT Express' annual financial statements, procedures on interim financial statements, statutory audits, employee benefit plan audits, audits of corporate sustainability reports and internal control reviews.

Following revised legislation on auditors' regulation, the 2012 audit fees previously categorised as audit fees of €4 million and audit-related fees of €3 million, were re-categorised.

The fees can be divided into the following categories:

Fees

Year ended at 31 December	2013	2012
Audit fees	4	7
Tax advisory fees	0	0
Other fees	0	0
Total	4	7

(in € millions)

In accordance with Dutch legislation, article 382 (a), Book 2 of the Dutch Civil Code, the total audit and audit-related fees paid to PricewaterhouseCoopers Accountants N.V. seated in the Netherlands, amounted to €2 million.

22 Net financial (expense)/income: -24 million (2012: -30)

Specification of net financial (expense)/income

Year ended at 31 December	2013	2012
Interest and similar income	11	13
Changes in fair value hedges	1	2
Total interest and similar income	12	15
Interest and similar expenses	(33)	(40)
Fair value change cash flow hedge recycled to profit and loss	(1)	(1)
Net foreign exchange losses	(2)	(4)
Total interest and similar expenses	(36)	(45)
Net financial expenses	(24)	(30)

(in € millions)

Total interest and similar income: 12 million (2012: 15)

The external interest and similar income of €11 million (2012: 13) is mainly related to interest income on banks, loans and deposits of €5 million (2012: 8) (of which €4 million (2012: 6) is related to interest on notional cash pools), interest on taxes of €0 million (2012: 0) and interest on foreign currency hedges of €5 million (2012: 5).

Total interest and similar expenses: 36 million (2012: 45)

The external interest and similar expense of €33 million (2012: 40) is mainly related to interest expense on bank overdrafts and bank loans of €4 million (2012: 8) (of which €3 million (2012: 6) is related to interest on notional cash pools), interest expenses on long-term borrowings of €10 million (2012: 11), interest on foreign currency hedges of €14 million (2012: 18), interest on taxes of €1 million (2012: 0) and interest on provisions of €0 million (2012: 1). The decrease in interest on foreign currency hedges was caused by lower interest rate differentials between currencies in foreign exchange forward contracts.

In accordance with IFRS, interest income and expense on (notional) cash pools are reported on a gross basis. From an economic and legal perspective, the €3 million (2012: 6) interest expense nets off against the €4 million (2012: 6) of interest income. The amounts are not netted in the income statement because under IFRS such offset needs in practice to be irreversibly exercised from time to time.

The interest and similar income and expense on various foreign exchange derivatives have been aggregated on a gross basis while economically the €5 million of interest income on hedges and €1 million change in fair value hedges (2012: 5 interest income and 2 change in fair value hedges) partly offsets the €14 million interest expense on hedges and €1 million fair value changes of cash flow hedges (2012: 18 interest expense and 0 change in fair value hedges).

23 Income taxes: 134 million (2012: 103)

In 2013, the tax expense amounted to €134 million (2012: 103) on income before taxes of €41 million (2012: 120), resulted in an effective tax rate of 326.8% (2012: 85.8%).

Income tax expense consisted of the following:

Specification of income tax expense

Year ended at 31 December	2013	2012
Current tax expense/(income)	129	68
Deferred tax expense/(income)	5	35
Total income taxes	134	103

(in € millions)

In 2013, the current tax expense amounted to €129 million (2012: 68). The difference between the total income taxes in the income statement and the current tax expense is due to temporary differences. These temporary differences are recognised as deferred tax assets or deferred tax liabilities.

Effective income tax rate

Year ended at 31 December	2013	2012
Dutch statutory income tax rate	25.0	25.0
Adjustment regarding effective income tax rates other countries	(0.3)	(2.6)
Permanent differences:		
Non and partly deductible costs	21.7	5.1
Non and partly deductible impairments	187.7	21.5
Other	92.7	36.8
Effective income tax rate	326.8	85.8

(in percentages)

The mix of income from countries in which TNT Express operates resulted in a weighted average statutory tax rate of 24.7%. Several non-deductible costs adversely affected the effective tax rate by 21.7 percentage points. The non-deductible impairment charges affected the effective tax rate by 187.7 percentage points.

The line ‘other’ shows an impact of 92.7 percentage points and includes:

- Current year losses for which no deferred tax assets could be recognised due to uncertainty regarding the recoverability of such assets: 55.3 percentage points.
- Derecognition of previous recognised deferred tax assets: 41.8 percentage points, balanced by a recognition of previous unrecognised deferred tax assets: -38.3 percentage points.
- Tax effects following the sale of China Domestic: 16.2 percentage points.
- Positive effects in connection with intragroup financing structures: -14.6 percentage points.
- Positive effects from the tax-exempt income on the sale of Logispring’s interest in Apriso and Datatrac: -10.5 percentage points.
- The remaining ‘other’ of 42.8 percentage points consists of several other items and includes local taxes and accounting estimates relating to tax balances.

A tax expense of €8 million (2012: 24) was included in the loss from discontinued operations of €29 million (2012: 101).

At 31 December 2013, the income tax receivable amounted to €28 million (2012: 14) and the income tax payable amounted to €96 million (2012: 44). In 2013, TNT Express paid taxes for an amount of €82 million (2012: 46 million).

The following table shows the movements in deferred tax assets in 2013:

Movements in deferred tax assets

	Provisions	Property, plant and equipment	Losses carried forward	Other	Total
Deferred tax assets at 31 December 2011	57	5	141	54	257
Transfers to assets held for disposal	(1)	0	(1)	0	(2)
Changes via other comprehensive income	20	0	0	(2)	18
Changes via income statement	5	1	(31)	(5)	(30)
Deferred tax assets at 31 December 2012	81	6	109	47	243
Transfers to assets held for disposal	0	0	0	0	0
Changes via other comprehensive income	(6)	0	0	(4)	(10)
Changes via income statement	(12)	1	9	(18)	(20)
(De)consolidation/foreign exchange effects	(4)	(1)	(10)	0	(15)
Deferred tax assets at 31 December 2013	59	6	108	25	198

(in € millions)

Deferred tax assets of €0 million are included in assets held for disposal.

Deferred tax assets and liabilities are presented net in the statement of financial position if TNT Express has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority. Out of the total ‘other’ deferred tax assets of €25 million (2012: 47) an amount of €10 million (2012: 16) is related to temporary differences for assets that are both capitalised and depreciable for tax purposes only.

The total accumulated losses available for carry forward at 31 December 2013 amounted to €935 million (2012: 1,372). With these losses carried forward, future tax benefits of €268 million could be recognised (2012: 419). Tax deductible losses give rise to deferred tax assets at the substantively enacted statutory tax rate in the relevant country. Deferred tax assets are recognised if it is probable that they will be realised. The probability of the realisation is impacted by uncertainties regarding the realisation of such benefits, for example, as a result of the expiration of tax losses carried forward and projected future taxable income. As a result, TNT Express has not recognised €150 million (2012: 310) of the potential future tax benefits and has recorded deferred tax assets of €118 million at the end of 2013 (2012: 109). Of the total recognised deferred tax assets for loss carry forward an amount of €10 million (2012: 0) was offset against deferred tax liabilities.

The expiration of total accumulated losses is presented in the following table:

Expiration of total accumulated losses

2014	22
2015	19
2016	23
2017	50
2018 and thereafter	344
Indefinite	477
Total	935

(in € millions)

The following table shows the movements in deferred tax liabilities in 2013:

Movement in deferred tax liabilities

	Provisions	Property, plant and equipment	Other	Total
Deferred tax liabilities at 31 December 2011	6	22	(2)	26
Changes via income statement	10	(5)		5
Deferred tax liabilities at 31 December 2012	16	17	(2)	31
Changes via income statement	(16)	(3)	4	(15)
(De)consolidation/foreign exchange effects		(1)		(1)
Deferred tax liabilities at 31 December 2013	0	13	2	15

(in € millions)

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The non-cash transactions in the consolidated statement of cash flows relate to depreciation, amortisation and impairment charges, share-based payment expenses, results from investments in associates, foreign exchange gains and losses, investments in property, plant and equipment financed via financial leases, book results on sale of property, plant and equipment and changes in provisions.

24 Net cash from operating activities: 397 million (2012: 359)

In 2013, the net cash from operating activities increased by €38 million from €359 million in 2012 to €397 million.

Cash generated from operations

The cash generated from operations increased from €446 million in 2012 to €514 million in 2013. In 2013, the profit before income taxes contributed €41 million or €478 million (2012: 403) adjusted for the non-cash impact of depreciation, amortisation, impairments and share-based payments. This is €75 million higher than 2012, and is mainly due to the receipt of the UPS termination fee of €200 million and miscellaneous items of €18 million, offset by a decrease in operating income (adjusted for the non-cash impact of depreciation, amortisation and impairment) primarily related to Europe Main of €143 million.

The change in net pension liabilities of €-7 million in 2013 (2012: -22) reflects the total TNT Express non-cash employer pension expense for the post-employment defined benefit plans of €29 million (2012: 24), compared to the total TNT Express cash contributions to various post-employment defined benefit plans for a total amount of €36 million (2012: 46), of which €1 million is related to a recovery payment for the defined benefit plans in the Netherlands. The cash contributions have been lowered for the reclassification of the Italian TFR plan provision for pension liabilities to other current liabilities for agreed redundancies not yet paid.

In 2013, there was a net cash inflow presented of €64 million in other provisions compared to a net cash outflow of €13 million in 2012. This was mainly due to the addition to the other provisions of €120 million (mainly restructuring), offset by utilisation of the restructuring and other provisions and the transfer of the provisions related to Brazil Domestic to liabilities related to assets held for disposal as at the end of the first quarter.

In 2013, the net cash outflow related to working capital amounted to €26 million, which is a movement of €52 million compared to 2012 (2012: 26).

Interest paid

The total cash outflow for interest paid in 2013 is €35 million (2012: 41). In 2013, interest paid includes interest on TNT Express' financial leases of €10 million (2012: 11). In addition, interest payments of €4 million (2012: 8) are included for short-term debt (of which €3 million (2012: 6) is due to cash pools that are offset against the interest received) and for interest on foreign currency hedges of €16 million (2012: 19) and interest paid on taxes of €1 million (2012: 0). The decrease in interest on foreign currency hedges was mainly caused by lower interest rate differentials between currencies in foreign exchange forward contracts.

The interest paid and received on notional cash pools are reported on a gross basis in accordance with IFRS. From an economic and legal perspective the €3 million (2012: 6) interest paid fully nets off against the €4 million (2012: 6) interest received. The amounts are not netted in the income statement and cash flow statement because under IFRS such offset needs in practice to be irreversibly exercised from time to time.

Similarly, the interest paid and received on various foreign currency derivatives have been aggregated on a gross basis, while economically the €5 million of interest received (2012: 6) is offset against the €16 million (2012: 19) of interest paid on hedges.

Income taxes paid

In 2013, TNT Express paid taxes of €82 million (2012: 46 million).

25 Net cash used in investing activities: -40 million (2012: -81)

Interest received

In 2013, interest received amounted to €12 million (2012: 16) and mainly includes interest relating to short-term bank balances and deposits of €5 million (2012: 8) (of which €4 million (2012: 6) is due to cash pools that are offset against the interest paid), realised interest on foreign currency hedges of €5 million (2012: 6) and interest received on taxes of €0 million (2012: 0).

Capital expenditure on other intangible assets and property, plant and equipment
In 2013, capital expenditures on property, plant and equipment amounted to €105 million (2012: 116), and mostly related to vehicles, ICT equipment and depot equipments. The capital expenditures on intangible assets of €25 million (2012: 23), are primarily related to software licences and software development costs. In 2013, capital expenditures were funded primarily by cash generated from operations.

Proceeds from disposal of group companies
Proceeds from disposal of Group companies in 2013 amounted to €61 million (2012: 0), which is related to the sale of China Domestic previously classified as held for disposal.

Proceeds from disposal of associated companies
Proceeds from disposal of associated companies in 2013 amounted to €27 million (2012: 2), which is related to the sale of Logispring's investments in Apriso and Datatrac.

Proceeds from sale of property, plant and equipment
Proceeds from the sale of property, plant and equipment in 2013 amounted to €5 million (2012: 19), which is mainly related to the sale of vehicles and other depot equipments.

Cash from financial instruments/derivatives
In 2013, cash from financial instruments/derivatives amounted to €-15 million (2012: 19), related to settlement upon the maturity of cross-currency swaps and settlement of foreign currency hedges. Cross-currency swaps are further explained in note 30.

26 Net cash used in financing activities: -53 million (2012: -126)

Share-based payments
In 2013 and 2012, no share-based payments occurred.

Proceeds from and Repayments of long-term borrowings
In 2013, the total net repayments on long-term borrowings were related to net repayments of local bank debt for a total amount of €1 million (2012: 1).

Proceeds from and Repayments of short-term borrowings
The total net proceeds on short-term borrowings largely pertained to the net of increases and decreases on local bank overdrafts of €6 million (2012: -7).

Repayments to finance leases
The repayments to finance leases are related to redemptions on the two Boeing 747 freighters of €11 million (2012: 10) and to redemptions on other finance lease contracts of €4 million (2012: 8).

Dividends paid
A payment was made in 2013, relating to the dividend for 2012, for an amount of €11 million. In 2013, an interim dividend was paid of €7 million.

As part of the settlement of the final dividend over 2011, a payment was made in 2012 for an amount of €2 million.

27 Reconciliation to cash and cash equivalents
The following table presents a reconciliation between the consolidated cash flow statements and the cash and cash equivalents as presented in the consolidated statement of financial position:

Reconciliation to cash and cash equivalents

Year ended at 31 December	2013	2012
Cash at the beginning of the year	401	250
Exchange rate differences	(5)	
Total change in cash (as in consolidated cash flow statements)	304	151
Cash at the end of the year	700	401

(in € millions)

Cash and cash equivalents of €0 million (2012: 4) are included in assets held for disposal.

ADDITIONAL NOTES

28 Commitments and contingencies

(No corresponding financial statement number)

Off-balance sheet commitments

At 31 December	2013	2012
Rent and operating lease	1,018	1,140
Capital expenditure	7	5
Purchase commitments	59	40

(in € millions)

Of the total commitments indicated above, €295 million are of a short-term nature (2012: 327). The total commitments are including assets held for disposal.

Guarantees

At the end of 2013, TNT Express, on behalf of TNT Express subsidiaries, had various parental and bank guarantees outstanding. However, none (2012: 0) resulted in an off-balance sheet commitment for the Group as the relating obligations to external parties have already been recognised by these subsidiaries following its ordinary course of business.

Pension arrangements

Execution agreement with the pension funds

In 2011, TNT Express concluded an execution agreement with two pension funds (*'Stichting Pensioenfonds PostNL'* and *'Stichting Ondernemingspensioenfonds TNT'*), acting also on behalf of the companies affiliated to the company, under which it is liable for the payment of the premiums and lump sums, among other rights and obligations. It includes liabilities allocated to TNT Express as part of the TNT demerger, related to the pension entitlements of beneficiaries in the pension funds who are no longer employed by either TNT Express or PostNL (for example, employees of disposed subsidiaries, deferred members and pensioners). In the event TNT Express should fail to pay the amounts due under the execution agreements, the pension fund can directly address the companies affiliated to TNT Express (proportionally) for those amounts.

Arrangement between TNT Express and PostNL regarding pensions

The arrangement between TNT Express and PostNL regarding pensions entails a.o. that:

- TNT Express will provide a subsidiary guarantee for PostNL and vice versa for situations of violation of contractual terms, irregularity of payments and bankruptcy;
- the subsidiary guarantee will only be related to pension benefits accrued under the existing pension plans (up to the date of the demerger of TNT Express and PostNL in 2011) and will comprise a liability that will gradually decrease over time;
- the reciprocal liability of TNT Express and PostNL will only exist for as long as the coverage ratio of the fund(s) is below a certain level; the guarantee lapses if the coverage ratio rises above that level and remains above that level for three consecutive quarters; and
- the contractual agreement replaces any rights under article 334 (t) of Book 2 of the Dutch Civil Code.

TNT Express pension fund

In 2013, TNT Express, PostNL and the pension fund ('*Stichting Pensioenfonds PostNL*') agreed to split the pension fund into a pension fund for the participants from PostNL and a separate pension fund for the participants from TNT Express, with effect of 1 January 2014. The essence of the mutual guarantees described above is not affected by this split.

Rent and operating lease contracts

In 2013, operational lease expenses (including rental) amounted to €396 million (2012: 436).

Rent and operating lease contracts relate mainly to aircraft, depots, hubs, vehicles and other depot equipments. Of the total rent and operating lease commitment, €349 million (2012: 403) is related to three Boeing 777 freighters.

Future payments on non-cancellable existing lease contracts are as follows:

Repayment schedule of rent and operating leases		
At 31 December	2013	2012
Less than 1 year	248	290
Between 1 and 2 years	162	183
Between 2 and 3 years	118	136
Between 3 and 4 years	91	101
Between 4 and 5 years	78	77
Thereafter	321	353
Total	1,018	1,140
of which guaranteed by a third party/customers	18	34

(in € millions)

Capital expenditure

Commitments in connection with capital expenditure amounted to €7 million (2012: 5) and are primarily related to the commercial vehicle replacement programme.

Purchase commitments

At 31 December 2013, TNT Express had unconditional purchase commitments of €59 million (2012: 40), which primarily relate to short-term aircraft charter contracts and various service and maintenance contracts. These contracts for service and maintenance relate primarily to facilities management, security, cleaning, salary administration and IT support contracts.

Contingent tax liabilities

TNT Express is exposed to varying degrees of uncertainty related to tax planning and regulatory reviews and audits. TNT Express accounts for its income taxes on the basis of its own internal analyses, supported by external advice. TNT Express continually monitors its global tax position, and whenever uncertainties arise, TNT Express assesses the potential consequences and either accrues the liability or discloses a contingent liability in its financial statements, depending on the strength of the company's position and the resulting risk of loss.

At year-end 2013, total contingent tax liabilities for uncertainties are assessed to amount to between €60 million and €70 million (2012: between €70 million and €80 million) for which TNT Express, based on its own assessment and supported by external advice, has concluded that the likelihood of an outflow of economic benefits to settle the obligation is not probable.

Contingent legal liabilities

Ordinary course litigation

The company is involved in several legal proceedings relating to the normal conduct of its business, such as claims for loss of goods, delays in delivery, trademark infringements, subcontracting and employment issues, and general liability. The majority of these claims are for amounts below €1 million and are insured and/or provided for. TNT Express does not expect any liability arising from any of these legal proceedings to have a material effect on its results of operations, liquidity, capital resources or financial position. The company believes it has provided for all probable liabilities deriving from the normal course of business.

Foreign investigations

TNT Express has voluntarily disclosed to the United States Bureau of Industry and Security its involvement in re-exports to entities sanctioned by the United States. In addition the company has received and responded to information requests from competition authorities and cooperated with investigations in this respect. TNT Express does not currently expect any liability arising from any of the above investigations to have a material effect on its results of operation, liquidity, capital resources or financial position.

29 Financial risk management

(No corresponding financial statement number)

TNT Express' activities expose the company to a variety of financial risks, such as market risks (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. All of these risks arise in the normal course of business. To manage market risks, TNT Express uses a variety of financial derivatives.

The tables within this note provide quantitative information regarding TNT Express' exposure to the financial risks mentioned above. There are certain limitations and simplifications inherent in the analyses presented, primarily due to the assumption that rates change in a parallel fashion and instantaneously, while at the same time, for example, the impact of changes in interest on foreign exchange exposures and vice versa is ignored. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts assumed.

TNT Express uses derivative financial instruments solely for the purpose of hedging exposures. The company enters into contracts related to derivative financial instruments for periods commensurate with its underlying exposures and does not take positions independent of these exposures. None of these financial instruments are leveraged or used for trading purposes or to take speculative positions.

Financial risk management is carried out by the TNT Express Treasury department under policies approved by the Executive Board. The TNT Express Treasury department identifies, evaluates and hedges financial risk in close co-operation with operating units. The Executive Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, foreign exchange risk, credit risk and liquidity risk. Periodic reporting on financial risks has been embedded in the overall risk framework and has been provided to the Executive Board in a structural way.

Interest rate risk

Part of TNT Express' borrowings and leases are against floating interest rates. These floating interest rates may fluctuate substantially and could have a material adverse effect on TNT Express' financial results in any given reporting period. Borrowings that are issued at variable rates expose the company to cash flow volatility from movements in interest rates. Borrowings that are issued at fixed rates expose the company to fair value interest rate risk. TNT Express' financial assets are on average of such short-term nature that they bear no significant fair value interest rate risk, but do cause cash flow interest rate risks. Group policy is to significantly limit the impact of interest fluctuations over a term of seven years as a percentage of earnings before interest, taxes, depreciation and amortisation. At 31 December 2013, TNT Express' gross interest bearing borrowings, including finance lease obligations, totalled €221 million (2012: 236), of which €161 million (2012: 187) was at a fixed interest rate.

Although TNT Express generally enters into interest rate swaps and other interest rate derivatives in order to attempt to reduce its exposure to interest rate fluctuations, these measures may be inadequate or may subject the company to increased operating or financing costs.

At 31 December 2013, if interest rates on borrowings and financial assets had been 1% higher with other variables held constant, the profit before income tax would have been €7 million higher (2012: 4), and equity would be impacted by €10 million (2012: 9), due to the outstanding interest rate swap(s) with a nominal value of US$199 million. Refer to note 30.

Foreign currency exchange risk

TNT Express operates on an international basis generating foreign currency exchange risks arising from future commercial transactions, recognised assets and liabilities, investments and divestments in foreign currencies other than the euro, TNT Express' functional and reporting currency. These significant operational foreign currency cash flow risks are mostly not hedged. TNT Express Treasury department matches and manages the intragroup and external financial exposures. Although the company generally enters into hedging arrangements and other contracts in order to reduce its exposure to currency fluctuations, these measures may be inadequate or may subject the company to increased operating or financing costs.

The two main (non-euro) currencies of TNT Express are the British pound and US dollar, of which the 2013 exchange rates to the euro are shown in the following table:

Principal exchange rates

	Year-end closing[1]	Annual average[2]
US dollar	1.37910	1.32943
British pound	0.83370	0.85034

[1] Source: European Central Bank, reference rate on the last day of the year.

[2] The annual average is calculated as the 12-months' average of the TNT Express month-end-closing rates based on the rate of the European Central Bank.

Management has set up a policy that requires Group companies to manage their foreign exchange risk against their local functional currency. Group companies are required to hedge material balance sheet exposures via the use of foreign exchange derivatives with the TNT Express Treasury department, whereby a financing company operated by the department trades these foreign exchange derivatives with external banks. TNT Express currently has no net investment hedges outstanding. Significant acquisitions and local debt is usually funded in the currency of the underlying assets.

At 31 December 2013, if the euro had weakened 10% against the US dollar with all other variables held constant, the profit before income tax on the foreign exchange exposure on financial instruments would have been impacted by nil (2012: 0). The net income sensitivity to movements in EUR/USD exchange rates compared to 2012 has not changed. Impact on equity would have been nil (2012: 0).

At 31 December 2013, if the euro had weakened 10% against the British pound with all other variables held constant, the profit before income tax on the foreign exchange exposure on financial instruments would been impacted by nil (2012: 0). The net income sensitivity to movements in EUR/GBP exchange rates compared to 2012 has not changed. Impact on equity would have been nil (2012: 0).

Credit risk

Credit risk represents the loss that the company would incur if counterparties with whom TNT Express enters into financial transactions are unable to fulfil the terms of the agreements. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and financial institutions as well as credit exposures relating to customers. The company attempts to minimise its credit risk exposure by only transacting with financial institutions that meet established credit guidelines and by managing its customers' portfolio. TNT Express continually monitors the credit standing of financial counterparties and its customers. Individual risk limits are set on internal and external ratings in accordance with limits set by the Executive Board. The utilisation of credit limits is regularly monitored. At balance sheet date there were no significant concentrations of credit risk related to customers. The top ten customers of TNT Express account for 2% of the outstanding trade receivables at 31 December 2013.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of undrawn committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, TNT Express attempts to maintain flexibility in funding by keeping committed credit lines available.

TNT Express has central availability to the following undrawn committed facilities:

Undrawn committed facilities

At 31 December	2013	2012
Multi-currency revolving credit facilities	570	570

(in € millions)

In 2011, TNT Express arranged for a new €570 million facility, which became effective as of the demerger.

The following table shows TNT Express' financial liabilities per relevant maturity group based on the remaining period on the balance sheet to the contractual maturity date. The outgoing flows disclosed in the table are the contractual undiscounted cash flows which contains the redemptions and interest payments.

Liquidity risk schedule

At 31 December	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Thereafter	Book value
Outgoing flows based on the financial liabilities 2013					
Other loans	2	2	1		4
Financial leases	16	85	59		155
Interest rate and cross-currency swaps (outgoing)	29	350	58		34
Foreign exchange contracts (outgoing)	1,058				8
Short-term bank debt	28				28
Trade accounts payable	440				440
Other current liabilities	93				93
Mitigation incoming flows based on the financial liabilities 2013					
Interest rate and cross-currency swaps (incoming)	22	323	57		
Foreign exchange contracts (incoming)	1,058				
Total liquidity risk	586	114	61		762
Outgoing flows based on the financial liabilities 2012					
Other loans	8	3	2	1	14
Financial leases	17	30	129		176
Interest rate and cross-currency swaps (outgoing)	19	38	135		26
Foreign exchange contracts (outgoing)	1,298				29
Short-term bank debt	20				20
Trade accounts payable	439				439
Other current liabilities	81				81
Mitigation incoming flows based on the financial liabilities 2012					
Interest rate and cross-currency swaps (incoming)	11	25	129		
Foreign exchange contracts (incoming)	1,298				
Total liquidity risk	573	46	137	1	785

(in € millions)

Capital structure management

It is the objective of TNT Express when managing the capital structure to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. TNT Express' capital structure is managed along the following components:

- an investment grade credit rating at BBB+ by S&P and Baa1 by Moody's;
- an availability of at least €400 million to €500 million of undrawn committed facilities;
- cash pooling systems facilitating optimised cash requirements for the Group; and
- a tax optimal internal and external funding focused at optimising the cost of capital for the Group, within long-term sustainable boundaries.

TNT Express' credit ratings per 31 December 2013 are BBB+ (Stable) by S&P and Baa2 (Negative) by Moody's. The rating agencies have removed the positive outlooks on our ratings in January 2013 following the withdrawal of the offer by UPS. A downgrade in the credit rating of TNT Express may negatively affect its ability to obtain funds from financial institutions, retain investors and banks and increase its financing costs by increasing the interest rates of its outstanding debt or the interest rates at which the company is able to refinance existing debt or incur new debt. This could affect its return for shareholders and benefits to other stakeholders.

The terms and conditions of TNT Express' material short-term and long-term debts, as well as its material (drawn or undrawn) committed credit facilities, do not include any financial covenants. There are also no possibilities to accelerate these material debts and committed facilities in case of a credit rating downgrade. The debt and credit facility instruments vary on a case by case basis and mostly contain customary clauses as are generally observed in the market such as negative pledge conditions, restrictions on (the use of the proceeds of) the sale of assets or businesses and in most cases change of control clauses.

Offsetting financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Offsetting financial assets and financial liabilities

At 31 December	Gross amounts of recognised financial assets/liabilities	Gross amounts of recognised financial assets/liabilities set off in the balance sheet	Net amounts of financial assets/liabilities presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash and bank balances	Net amount
Derivative financial assets	8		8	4		4
Cash and cash equivalents	700		700		20	680
Total financial assets	708	0	708	4	20	684
Derivative financial liabilities	5		5	4		1
Bank overdrafts	28		28		20	8
Total financial liabilities	33	0	33	4	20	9

(in € millions)

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between TNT Express and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis or in the event of default of either party.

30 Financial instruments

(No corresponding financial statement number)

Summary of financial instruments

In accordance with IFRS 9 and IAS 39, the following categories of financial assets and financial liabilities can be identified:

Assets

At 31 December	Notes	Loan and receivables	Financial assets at fair value through profit and loss	Total
Assets as per balance sheet 2013				
Other loans receivable	(3)	3		3
Other financial fixed assets	(3)	13	1	14
Accounts receivable	(5)	1,042		1,042
Prepayments and accrued income	(6)	118	5	123
Cash and cash equivalents	(7)	700		700
Total		1,876	6	1,882
Assets as per balance sheet 2012				
Other loans receivable	(3)	3		3
Other financial fixed assets	(3)	14	1	15
Accounts receivable	(5)	1,114		1,114
Prepayments and accrued income	(6)	126	3	129
Cash and cash equivalents	(7)	397		397
Total		1,654	4	1,658

(in € millions)

Liabilities

At 31 December	Notes	Financial liabilties measured at amortised costs	Derivatives used for hedging	Total
Liabilities as per balance sheet 2013				
Long-term debt	(12)	142	34	176
Trade accounts payable		440		440
Other current liabilities	(13)	138	8	146
Total		720	42	762
Liabilities as per balance sheet 2012				
Long-term debt	(12)	165	26	191
Trade accounts payable		439		439
Other current liabilities	(13)	126	29	155
Total		730	55	785

(in € millions)

The fair value of financial instruments is based on foreign exchange and interest rate market prices. TNT Express uses commonly practised fair value valuation methods for its derivatives. The valuations represent a best approximation of the trading value of these derivatives at their valuation moment. The derivatives are thereby grouped within level 2 of the fair value measurement hierarchy.

Finance leases
Total debt on finance leases consist of financial lease contracts on buildings (depots), vehicles and aircraft.

For the outstanding finance leases, see the following table:

Overview of finance leases At 31 December	Nominal value	Fixed/floating interest	Hedge accounting	Carrying value	Fair value
Boeing 747 freighters	144	floating	Yes	144	146
Other leases	11	floating/fixed	No	11	11
Total outstanding finance leases 2013	155			155	157
Boeing 747 freighters	161	floating	Yes	161	165
Other leases	15	floating/fixed	No	15	15
Total outstanding finance leases 2012	176			176	180

(in € millions)

TNT Express has applied IFRS 13 as of 1 January 2013. Consequently, Debit Value Adjustments and Credit Value Adjustments were evaluated for all applicable financial assets and liabilities. The impact of these adjustments was not considered to be material.

Interest rate swaps
TNT Express has US$199 million (2012: US$213) of interest rate swaps outstanding for which it pays fixed and receives floating interest. These interest rate swaps act as a hedge on the cash flow interest rate risk on outstanding long-term debt.

As all previously outstanding forward starting swaps have been designated as cash flow hedges, the market value movements of the effective portion of the hedges are included in equity. The market value movements will remain in equity (the hedge reserve) and will be straight-line amortised to the income statement. In 2013, net financial expense included an amortisation of €1 million from the hedge reserve.

The total ineffective portion recognised in the income statement that arises from the usage of fair value hedges amounted to €0 million (2012: 0). The total ineffective portion recognised in the income statement that arises from the usage of cash flow hedges amounted to €0 million (2012: 0).

Cross-currency swaps
In 2013, TNT Express entered into a €250 million (2012: 250) cross-currency swap outstanding for which at maturity it pays €250 million and will receive US$321.5 million. These cross-currency swaps act as a hedge on foreign exchange risk for TNT USA on an intercompany loan receivable.

The fair value of outstanding long-term cross-currency swaps is recorded as a long-term asset in financial fixed assets or as a liability in long-term debt.

An overview of interest rate and cross-currency swaps is presented in the following table:

Overview of interest rate and cross-currency swaps

At 31 December

Nominal	Forward starting	Currency	Outstanding	Pay	Receive	Hedge	Fair value	Settlement amount
Interest rate swaps 2013								
97	No	USD	Yes	fixed	floating	cash flow	(8)	
102	No	USD	Yes	fixed	floating	cash flow	(9)	
Cross currency swaps 2013								
250	No	EUR/USD	Yes	floating	floating	fair value	(17)	
Interest rate swaps 2012								
104	No	USD	Yes	fixed	floating	cash flow	(12)	
109	No	USD	Yes	fixed	floating	cash flow	(14)	
Cross currency swaps 2012								
250	No	EUR/USD	No	floating	floating	fair value		25
27	No	EUR/SEK	No	floating	floating	fair value		(6)

(in € millions)

Foreign exchange contracts

TNT Express entered into short-term foreign exchange derivatives to hedge foreign exchange fair value and cash flow risks. The fair value of these outstanding foreign exchange hedges is recorded as a current asset in prepayments and accrued income or as a current liability in total current borrowings. The foreign exchange result on the outstanding fair value hedges is recorded in the income statement and mitigates the foreign exchange exposure and results on the underlying items of the statement of financial position.

The details relating to outstanding foreign exchange contracts are presented in the following table:

Outstanding foreign exchange contracts

At 31 December

	Notes	Carrying value	Fair value	Nominal value	Hedge	Amount in equity
Foreign exchange contracts 2013						
Asset	(6)	5	5	445	fair value	N/A
Liability	(12)/(13)	8	8	613	fair value/ cash flow	0
Foreign exchange contracts 2012						
Asset	(6)	3	3	345	fair value	N/A
Liability	(12)/(13)	29	29	953	fair value/ cash flow	0

(in € millions)

The cash flow hedges on highly probable forecasted transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on the effective portion of the forward exchange contracts as of 31 December 2013 amount to €0 million (2012: 0). These reserves are recognised in the income statement in the period or periods during which the hedged forecasted transaction affects the income statement. The total ineffective portion recognised in the income statement arose from the usage of fair value hedges amounted to a result of €0 million (2012: 0). The total ineffective portion recognised in the income statement that arose from the usage of cash flow hedges amounted to a result of €0 million (2012: 0).

31 Earnings per share

(No corresponding financial statement number)

The diluted number of ordinary shares is zero.

The calculation of basic earnings per share is based on an average of 544,171,809 ordinary shares.

The following table summarises the outstanding shares for TNT Express' computation related to earnings per share:

Outstanding shares information Year averages and numbers at 31 December	2013	2012
Number of issued and outstanding ordinary shares	544,957,426	543,272,474
Average number of ordinary shares per year	544,171,809	543,248,166
Diluted number of ordinary shares per year	0	0
Average number of ordinary shares per year on fully diluted basis in the year	544,171,809	543,248,166

32 Joint ventures

(No corresponding financial statement number)

TNT Express participates in joint ventures that are proportionately consolidated. The company's most significant joint venture at 31 December 2013 is the 50% interest in TNT Swiss Post AG, which offers express services in Switzerland.

Key pro rata information regarding all of TNT Express joint ventures in which TNT Express has joint decisive influence over operations is set out in the following table and includes balances at 50%:

Key pro rata information on joint ventures Year ended at 31 December	2013	2012
Non-current assets	5	5
Current assets	37	41
Equity	15	19
Non-current liabilities	2	2
Current liabilities	25	25
Net sales	86	87
Operating income	7	11
Profit attributable to the shareholders	5	9
Net cash provided by operating activities	6	12
Net cash used in investing activities	(1)	(1)
Net cash used in financing activities	(5)	(8)
Changes in cash and cash equivalents	0	3

(in € millions)

33 Related party transactions and balances

(No corresponding financial statement number)

Joint ventures

TNT Express has trading relationships at arm's length with a number of joint ventures and unconsolidated companies in which it holds minority shares. In some cases there are contractual arrangements in place under which the TNT Express entities source supplies from such undertakings, or such undertakings source supplies from TNT Express.

During 2013, purchases of TNT Express from joint ventures amounted to €25 million (2012: 25). Sales made by TNT Express companies to its joint ventures were immaterial. The net amounts due to the joint venture entities amounted to €25 million (2012: 31). At 31 December 2013, net amounts due to associated companies amounted to €1 million (2012: 1).

Key management

In 2013, the key management consisted of the Executive Board and the Functional Board. In 2012, the key management consisted of the Executive Board. Refer to note 19 for comparative information.

The remuneration costs for key management are disclosed in the following table:

Remuneration costs key management

	Salaries & short-term employee benefits[1]	Post-employment benefits	Share-based benefits	Total remuneration 2013
Key management	4,844,956	709,424	283,640	5,838,020
Total	4,844,956	709,424	283,640	5,838,020

[1]Includes €274,043, representing costs for a one-off employer tax according to Dutch wage tax law.

(in €)

PostNL companies

At 31 December 2013, TNT Express is owned by PostNL N.V. ("PostNL") for approximately 14.8%, as per AFM-register, of TNT Express' outstanding share capital. TNT Express also has trading relationships with a number of PostNL subsidiary companies.

Relationship Agreement

As a result of the demerger, TNT Express and PostNL entered into a relationship agreement which contains certain arrangements in respect of the stake that PostNL retained in TNT Express after the demerger ('the Relationship Agreement'). The Relationship Agreement was updated in February 2013, amongst others to provide for relaxation of certain conditions and restrictions in respect of possible divestment by PostNL of its shareholding, or part thereof, in TNT Express. The Relationship Agreement will terminate if PostNL holds less than 5% of the ordinary shares.

The following is a summary of certain important elements of the Relationship Agreement.

– Future ordinary share sale

  PostNL may sell the ordinary shares it owns in whole or in part in an orderly market manner. PostNL must inform TNT Express of its intention to perform such sale. In the event of a private placement or accelerated bookbuild offering of 10% or more of the ordinary shares, PostNL is subject to another lock-up period of 90 days for the remainder of the stake as from completion of such placement or offering, it being understood that PostNL may sell by way of a private placement part, or the whole, of the remainder of its stake during such 90-days lock-up period to a party who commits that it will not sell the shares for the remainder of such period of 90 days after that party's acquisition of the shares. This lock-up period may be shortened or waived with the prior written consent of TNT Express. Subject to this provision and except if a public offer is made for TNT Express (refer to section 'Public offer for TNT Express' below), there will be no restrictions for PostNL as to the method of sale and transfer of (part of) its stake in TNT Express.

  Subject to PostNL's obligations in case a public offer is made for TNT Express (refer to section 'Public offer for TNT Express' below), PostNL may not sell in one transaction or a series of transactions other than by way of an accelerated bookbuild offering 15% or more of the shares to one party or a group of related parties, unless such party or parties commits that it will not exercise the voting rights beyond the 15%.

  If PostNL proposes an offering that entails TNT Express' involvement in the form of a management road show and/or the preparation of a Prospectus (a "Fully Marketed Offering") of (part of) TNT's ordinary shares, PostNL and TNT Express will work together in preparing the Fully Marketed Offering to the highest possible standard. There may be one Fully Marketed Offering in any nine month period. In connection with a Fully Marketed Offering TNT Express may propose a bookrunner who will subsequently be appointed by PostNL.

  If PostNL sells (part of) the ordinary shares it owns other than by way of a Fully Marketed Offering, TNT Express will facilitate such sale by providing an opportunity to perform a limited due diligence investigation by a bona fide, creditworthy potential buyer of more than 5% of the ordinary shares (if and to the extent requested by PostNL).

  PostNL may not acquire any additional ordinary shares, provided that PostNL may acquire shares indirectly upon the acquisition of another business for other business reasons than the acquisition of shares in TNT Express as long as its stake in TNT Express as a result of such acquisition will be 29.9% or less.

– Public offer for TNT Express

  If a public offer is made for TNT Express, PostNL will be obliged to tender its ordinary shares if the Executive Board and the Supervisory Board support that offer and/or recommend the offer to the shareholders. If the Executive Board and the Supervisory Board (i) support the offer and take a neutral position as to recommending it to the shareholders or (ii) do not support the offer and do not recommend the offer to the shareholders, then PostNL will be obliged to tender its stake (a) if 66.67% of the other ordinary shares are tendered under the offer (in the situation that PostNL's stake is between 29.8% and 25% of the ordinary shares) or (b) if a percentage of the other ordinary shares is tendered under the offer equal to 50% of all ordinary shares (in the situation that PostNL's stake is lower than 25% of the ordinary shares).

The position of the Executive Board and of the Supervisory Board towards the offer will be as set out in the position statement of the Executive Board (and the Supervisory Board) as is customary in the context of an offer.

If multiple public offers are simultaneously made for TNT Express by making an offer memorandum publicly available, PostNL must tender its stake under the offer for which most shares have been tendered, irrespective of the recommendation made by the Executive Board and the Supervisory Board, provided that more than 50% of the other shares have been tendered under all offers made.

In the event of a proposed legal merger of TNT Express, which merger entails a change of control of TNT Express, PostNL must attend the general meeting and must vote in favour of such legal merger if the majority of the other shareholders support and vote in favour of such legal merger. This obligation terminates if PostNL holds 10% or less of the ordinary shares in TNT Express.

- Mandatory offer
  If TNT Express intends to resolve or propose that the general meeting resolve any matter that might trigger PostNL having to make a mandatory offer for TNT Express, TNT Express must inform PostNL in writing at least 20 business days before taking such resolution and/or proposing to take such resolution. This is to enable PostNL to take such measures as are required for it not having to make a mandatory offer. If TNT Express notifies PostNL of such proposed resolution, PostNL must sell or otherwise transfer such number of its ordinary shares to prevent that a mandatory offer has to be made within 30 days after a triggering event has taken place.

- Information and reporting
  TNT Express will provide PostNL with certain financial and other information reasonably requested by PostNL as detailed in the Relationship Agreement, to enable PostNL to satisfy its ongoing financial reporting, audit and other legal and regulatory requirements. It is taken into account that TNT Express has to comply with legal obligations concerning the content and timing of disclosure and rules on disclosure.

- Governing law
  The Relationship Agreement is governed by Dutch law.

In some cases there are contractual arrangements in place under which the TNT Express entities source supplies from PostNL, or PostNL sources supplies from TNT Express.

The following transactions were carried out with PostNL companies:

Transactions with PostNL companies

Year ended at 31 December	2013	2012
Direct operational services to PostNL companies	3	5
Direct operational services from PostNL companies[1]	(1)	(3)

[1] Amounts between brackets represent costs.
(in € millions)

34 Segment information

(No corresponding financial statement number)

The Executive Board discloses the following reportable segments:

- Europe Main
- Europe Other & Americas
- Pacific
- Asia, Middle East and Africa (AMEA)
- Brazil Domestic (discontinued operation)

The measure of income statement and assets and liabilities is in accordance with IFRS.

Segmentation – results

In the following table, a reconciliation is presented of the segment information relating to the income statement of the reportable segments (continuing operations):

Segment information relating to the income statement

Year ended at 31 December 2013	Europe Main	Europe Other & Americas	Pacific	AMEA	Unallocated	Total
Net sales	3,252	1,175	645	1,054	390	6,516
Intercompany sales	6	3			(9)	0
Other operating revenues	1	8	1	7	160	177
Total operating revenues	3,259	1,186	646	1,061	541	6,693
Other income/(loss)	0	5		2	201	208
Depreciation/impairment of property, plant and equipment	(44)	(15)	(11)	(13)	(15)	(98)
Amortisation/impairment of intangibles	(245)	(3)		(3)	(84)	(335)
Total operating income	(169)	61	4	47	105	48
Net financial income/(expense)						(24)
Results from investments in associates						17
Income tax						(134)
Profit for the period from continuing operations						(93)
Profit/(loss) from discontinued operations						(29)
Profit/(loss) for the period						(122)
Attributable to:						
Non-controlling interests						0
Equity holders of the parent						(122)
Number of employees (headcount)	23,325	10,231	4,338	9,529	5,712	53,135

(in € millions)

Taxes and net financial income are dealt with at TNT Express Group level and not within the reportable segments. As a result, this information is not presented as part of the reportable segments. The key financial performance indicator of the reportable segments for management is operating income, which is reported on a monthly basis to the chief operating decision-makers.

Other income in 2013 included the receipt of the UPS termination fee of €200 million in Unallocated, an amount of €4 million in Europe Other & Americas relating to the settlement of a claim, the reversal in AMEA of the 2012 fair value adjustment of the two Boeing 747 freighters of €17 million (2012: -17), partly offset by a fair value adjustment in AMEA of €15 million (2012: 0).

Included in 2013 operating income are significant non-cash items related to depreciation, amortisation and impairment of €433 million, of which €58 million is related to goodwill impairment in Unallocated, €238 million in Europe Main and €-39 million is related to reversal of the Boeing 747 freighters impairment charges in AMEA (refer to note 8 and 20).

Segment information relating to the income statement

Year ended at 31 December 2012	Europe Main	Europe Other & Americas	Pacific	AMEA	Unallocated	Total
Net sales	3,384	1,168	726	1,184	396	6,858
Intercompany sales	6	2			(8)	0
Other operating revenues	2	7	1	7	148	165
Total operating revenues	3,392	1,177	727	1,191	536	7,023
Other income/(loss)		2		(14)		(12)
Depreciation/impairment of property, plant and equipment	(52)	(16)	(13)	(22)	(33)	(136)
Amortisation/impairment of intangibles	(7)	(3)	(1)	(98)	(36)	(145)
Total operating income	204	52	28	(107)	(19)	158
Net financial income/(expense)						(30)
Results from investments in associates						(8)
Income tax						(103)
Profit for the period from continuing operations						17
Profit/(loss) from discontinued operations						(101)
Profit/(loss) for the period						(84)
Attributable to:						
Non-controlling interests						2
Equity holders of the parent						(86)
Number of employees (headcount)	24,368	10,500	4,568	15,880	5,851	61,167

(in € millions)

In 2012, other income/(loss) in AMEA included a fair value adjustment of €-17 million relating to two Boeing 747 freighters held for disposal.

Included in operating income are significant non-cash items related to depreciation, amortisation and impairment of which €94 million is related to goodwill impairment in AMEA and €1 million is related to software impairment in Unallocated.

In 2012, the impairment of intangible assets in AMEA of €94 million was related to €75 million goodwill impairment related to China Domestic and €19 million for India Domestic. The goodwill impairment of €75 million for China Domestic is related to the write down of its carrying amount as a result of it being classified as an asset held for disposal. Refer to note 8 for more information on China Domestic. The goodwill impairment of €19 million is related to the exit of the Indian domestic business and the liquidation of the related legal entity.

Unallocated operating income

Year ended at 31 December	2013	2012
Other Networks	(59)	7
Restructuring-related charges	(9)	(1)
Projects		(3)
UPS termination fee	200	
UPS offer-related cost	(5)	(6)
Pensions	(13)	(6)
Other	(9)	(10)
Non-allocated	164	(26)
Total Unallocated operating income	105	(19)

(in € millions)

Unallocated covers mainly:
- the results of activities related to the former Other Networks segment, excluding TNT Fashion UK;
- the results of Central Networks; and
- the expenses of activities related to the TNT Express' Head Office. These costs are shown net of the recovery charges allocated to individual geographic and business segments.

Unallocated also comprises specific one-off corporate expenses and income such as UPS offer-related costs, the UPS termination fee, restructuring and project costs. In accordance with IAS 19.34a, TNT Express N.V., as the sponsoring employer for the two Dutch pension funds, recognised in its corporate financial statements the contributions received from the relevant TNT Express Group companies as a benefit that offsets the defined benefit employer pension expense. The relevant TNT Express Group companies recognised in their financial statements the cost equal to the contributions payable for the period. For segment reporting TNT Express N.V. and TNT Nederland B.V. (Head Office) are part of Unallocated, whereas the relevant Dutch operating companies are part of Europe Main.

Information on statement of financial position

A reconciliation of the segment information relating to the statement of financial position of the reportable segments is presented in the following table:

Segment information relating to the statement of financial position

At 31 December 2013	Europe Main	Europe Other & Americas	Pacific	AMEA	Unallocated[1]	Total
Intangible assets	303	489	20	257	68	1,137
Property, plant and equipment	372	96	65	28	330	891
Trade accounts receivable	523	167	53	138	61	942
Other current assets	94	47	9	101	810	1,061
Total assets	1,361	861	203	538	1,287	4,250
Trade accounts payable	229	74	16	36	85	440
Other current liabilities	443	99	59	109	324	1,034
Total liabilities	749	186	94	161	640	1,830
Cash out for capital expenditures	50	15	11	17	41	134

[1]Includes assets held for disposal and cash out for capital expenditures relating to Brazil Domestic.

(in € millions)

The statement of financial position information at 31 December 2012 is as follows:

Segment information relating to the statement of financial position

At 31 December 2012	Europe Main	Europe Other & Americas	Pacific	AMEA	Unallocated[1]	Total
Intangible assets	544	494	21	257	141	1,457
Property, plant and equipment	370	105	80	36	245	836
Trade accounts receivable	518	170	72	153	113	1,026
Other current assets[2]	97	46	8	182	543	876
Total assets	1,592	867	257	643	1,108	4,467
Trade accounts payable	224	73	18	35	89	439
Other current liabilities[3]	382	97	74	146	257	956
Total liabilities	693	183	115	198	661	1,850
Cash out for capital expenditures	58	15	7	22	43	145

[1]Includes assets held for disposal and cash out for capital expenditures relating to Brazil Domestic.

[2]Other current assets include assets held for disposal relating to China Domestic (Hoau) in the segment of AMEA.

[3]Other current liabilities include liabilities related to assets held for disposal relating to China Domestic (Hoau) in the segment of AMEA.

(in € millions)

Geographical segment information

The segment information from a geographical perspective is derived as follows:

- The basis of allocation of net sales by geographical areas is the country or region in which the entity recording the sales is located.
- Segment assets and investments are allocated to the location of the assets, except for goodwill arising from the acquisition of TNT Ltd. and GD Express Worldwide N.V., which is not allocated to other countries or regions but to the Netherlands.

Net sales

Year ended at 31 December	2013	2012
Europe		
The Netherlands	458	488
United Kingdom	873	964
Italy	577	605
Germany	748	742
France	734	736
Belgium	190	186
Rest of Europe	1,062	1,054
Other Americas		
United States and Canada	71	67
South & Middle America	98	101
Africa & the Middle East	166	167
Australia & Pacific	645	726
Asia		
China and Taiwan	505	611
India	42	53
Rest of Asia	347	358
Total net sales	6,516	6,858

(in € millions)

Assets

At 31 December	2013 Intangible assets	2013 Property, plant and equipment	2013 Financial fixed assets	2012 Intangible assets	2012 Property, plant and equipment	2012 Financial fixed assets
The Netherlands	830	88	12	897	98	27
Rest of the world	307	803	204	560	738	244
Total	1,137	891	216	1,457	836	271

(in € millions)

Employees

At 31 December	Europe Main	Europe Other & Americas	Pacific	AMEA	Unallocated	2013	2012
Europe							
The Netherlands	1,186	4			1,729	2,919	3,145
United Kingdom	9,288				748	10,036	10,701
Italy	2,774					2,774	3,006
Germany	3,977				995	4,972	5,172
France	4,631			11		4,642	4,712
Belgium	672				1,902	2,574	2,639
Rest of Europe	201	7,035			338	7,574	7,698
Other Americas							
United States and Canada		827				827	825
South & Middle America		2,210				2,210	2,308
Africa & the Middle East	596	155		1,884		2,635	2,290
Australia & Pacific			4,338			4,338	4,568
Asia							
China and Taiwan				3,015		3,015	9,274
India				729		729	782
Rest of Asia				3,890		3,890	4,047
Total	23,325	10,231	4,338	9,529	5,712	53,135	61,167

Certain comparative figures have been reclassified to conform to the current year's segment presentation.

35 Subsequent events

(No corresponding financial statement number)

Restructuring

On 8 January 2014, a restructuring was announced for TNT Express Spain. As this is subject to consultations with the unions, the impact on FTE and estimated costs is not yet final. The restructuring will be implemented in 2014.

Brazil Domestic

In March 2013, as part of *Deliver!,* TNT Express announced the commencement of preparations for the sale of its domestic operations in Brazil. The company carried out a comprehensive process to secure the best outcome for shareholders, customers and employees.

On 30 January 2014, TNT Express announced it had terminated discussions with potential bidders. Interest in the business existed, but ultimately offers were determined by management to be unacceptable.

As of 2014, Brazil Domestic will no longer be reported as a discontinued operation and asset held for disposal. Consequently, amortisation and depreciation will be continued. Refer to note 8 for more information on the impact on the statement of financial position, income statement and cash flow statement from continuing operations.

36 Fiscal unity in the Netherlands

(No corresponding financial statement number)

TNT Express N.V. forms a fiscal unity with several Dutch entities for Corporate Income Tax and VAT purposes. The Dutch entities that are part of these fiscal unities are included in the list containing the information referred to in article 379 and article 414, Book 2 of the Dutch Civil Code, which is filed at the office of the Chamber of Commerce in Amsterdam. The company and its subsidiaries that form part of the respective fiscal unities are jointly and severally liable for taxation payable by these fiscal unities.

TNT EXPRESS N.V. CORPORATE BALANCE SHEET/CORPORATE INCOME STATEMENT

TNT Express N.V. Corporate balance sheet

Before proposed appropriation of profit	Notes	31 December 2013	variance %	31 December 2012[1]
Assets				
Non-current assets				
Investments in group companies		2,733		2,901
Deferred tax assets		5		16
Total financial fixed assets	(37)	2,738	(6.1)	2,917
Pension asset	(39)	0		0
Total non-current assets		2,738	(6.1)	2,917
Current assets				
Accounts receivable from group companies		1		72
Other accounts receivable		7		28
Total current assets		8		100
Total assets		2,746	(9.0)	3,017
Liabilities and equity				
Equity	(9)(38)			
Issued share capital		44		43
Additional paid-in capital		2,647		3,019
Legal reserves		(84)		(4)
Other reserves		(69)		(92)
Retained earnings		(125)		(356)
Total shareholders' equity		2,413	(7.5)	2,610
Non-current liabilities				
Deferred tax liabilities	(23)	0		6
Provisions for pension liabilities	(39)	22		45
Total non-current liabilities		22		51
Current liabilities				
Accounts payable to group companies		308		351
Accrued current liabilities		3		5
Total current liabilities		311		356
Total liabilities and equity		2,746	(9.0)	3,017

[1] For comparative purposes 2012 numbers have been restated to reflect the impact of IAS 19R.

(in € millions, except percentages)

TNT Express N.V. Corporate income statement

Year ended at 31 December	2013	2012[1]
Results from investments in group companies/associates after taxes	(245)	(67)
Other income and expenses after taxes	123	(19)
Profit/(loss) attributable to the shareholders	(122)	(86)

[1] For comparative purposes 2012 numbers have been restated to reflect the impact of IAS 19R.

(in € millions)

The accompanying notes form an integral part of the financial statements.

NOTES TO THE CORPORATE BALANCE SHEET AND INCOME STATEMENT ACCOUNTING POLICIES FOR VALUATION AND DETERMINATION OF RESULT TNT EXPRESS N.V.

The corporate financial statements for the year ended 31 December 2013 have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. TNT Express has applied the option in article 362 (8) to use the same principles of valuation and determination of result for the corporate financial statements as the consolidated financial statements. As a result, TNT Express' investments in Group companies are stated using the 'net asset value method' ('*nettovermogenswaardemethode*'). For the principles of valuation of assets and liabilities and for the determination of results reference is made to the notes to the consolidated statement of financial position and income statement.

37 Total financial fixed assets: 2,733 million (2012: 2,901)

Statement of changes

	Investments in group companies
Balance at 31 December 2011	3,280
Changes in 2012	
Results	(67)
Additions to capital	0
Dividend	(271)
Exchange rate differences	(13)
Other changes	(28)
Total changes	(379)
Balance at 31 December 2012	2,901
Changes in 2013	
Results	(245)
Additions to capital	150
Dividend	0
Exchange rate differences/Other	(73)
Total changes	(168)
Balance at 31 December 2013	2,733

(in € millions)

At 31 December 2013, total investment in Group companies amounted to €2,733 million (2012: 2,901). In 2013, a dividend was received of €0 million (2012: 271). Exchange rate differences/other changes of €73 million (2012: 28) consisted of cumulative translation adjustments and net actuarial loss, partly offset by a gain on cash flow hedges. The comparative figures 2012 have been restated to reflect the impact of IAS 19R.

38 Equity: 2,413 million (2012: 2,610)

Statement of changes in equity

	Issued share capital	Additional paid-in capital	Legal reserves	Other reserves	Retained earnings	Attributable to equity holders of the parent
Balance at 31 December 2011	43	3,021	24	(12)	(270)	2,806
Change accounting policy IAS 19R				(40)		(40)
Restated balance at 31 December 2011	43	3,021	24	(52)	(270)	2,766
Total comprehensive income			(11)	(57)	(86)	(154)
Final dividend previous year		(2)				(2)
Compensation retained earnings		(270)			270	
Legal reserves reclassifications			(17)	17		
Total direct changes in equity		(272)	(17)	17	270	(2)
Balance at 31 December 2012	43	2,749	(4)	(92)	(86)	2,610
Total comprehensive income			(72)	13	(122)	(181)
Dividend previous year		(11)				(11)
Interim dividend		(7)				(7)
Compensation retained earnings		(83)			83	
Legal reserves reclassifications			(8)	8		
Share-based payments				2		2
Stock dividend	1	(1)				
Other						
Total direct changes in equity	1	(102)	(8)	10	83	(16)
Balance at 31 December 2013	44	2,647	(84)	(69)	(125)	2,413

(in € millions)

Refer to note 9 for additional details on equity.

39 Provision for pension liabilities: 22 million (2012: 45)

TNT Express N.V. is the co-sponsoring employer for two Dutch pension plans along with PostNL, which are externally funded in two separate pension funds and cover the majority of TNT Express' employees in the Netherlands. In accordance with IAS 19.34a the net defined benefit cost is recognised in the corporate financial statements of TNT Express N.V. The relevant Group companies recognise the costs equal to the contribution payable for the period in their financial statements. For TNT Express the contributions received from the other Group companies offset the pension expense.

The following table reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets for the TNT Express N.V. sponsored Group pension plans.

Pension disclosures

	2013	2012
Change in benefit obligation		
Benefit obligation at beginning of year	(508)	(391)
Service costs	(23)	(18)
Interest costs	(21)	(20)
Past service cost	2	0
Actuarial (loss)/gain	72	(83)
Benefits paid	5	4
Settlements	0	0
Benefit obligation at end of year	(473)	(508)
Change in plan assets		
Fair value of plan assets at beginning of year	463	388
Actual return on plan assets	(33)	44
Other movements administration cost	(1)	0
Employer contributions	27	35
Benefits paid	(5)	(4)
Settlements	0	0
Fair value of plan assets at end of year	451	463
Funded status at 31 December		
Funded status	(22)	(45)
Net pension asset/(liability)	(22)	(45)
Components of employer pension expense		
Service costs	(23)	(18)
Interest income/(expense)	(2)	0
Past service cost	2	0
Other movements administration cost	(1)	0
Settlements	0	0
Total post employment benefit income/(expenses)	(24)	(18)
Weighted average assumptions as at 31 December		
Discount rate	3.9%	3.9%
Expected return on plan assets	3.9%	3.9%
Rate of compensation increase	2.0%	2.0%
Rate of benefit increase	1.5%	1.5%

(in € millions, except percentages)

40 Wages and salaries

(No corresponding financial statement number)

The employees of TNT Express N.V. consist solely of the members of the Executive Board. Hence no salary and social security costs were incurred besides those disclosed in note 19. In accordance with IAS 19.34 the net defined benefit cost shall be recognised in the corporate financial statements of TNT Express N.V. Refer to note 39 for more information on defined benefit pension costs, and to note 19 for the remuneration of the Executive Board and Supervisory Board.

41 Commitments not included in the balance sheet

(No corresponding financial statement number)

Declaration of joint and several liability

At 31 December 2013, TNT Express N.V. issued a declaration of joint and several liability for some of its Group companies in compliance with article 403 Book 2 of the Dutch Civil Code. Those Group companies are:

TNT Express Holdings B.V.
TNT Express Nederland B.V.
TNT Express Road Network B.V.
TNT Express Worldwide N.V.
TNT Fashion Group B.V.
TNT Finance B.V.
TNT Nederland B.V.
TNT Holdings B.V.
TNT Innight B.V.

TNT Skypak Finance B.V.
TNT Skypak International (Netherlands) B.V.
TNT Transport International B.V.

Fiscal unity in the Netherlands
TNT Express N.V. forms a fiscal unity with several Dutch entities for Corporate Income Tax and VAT purposes. The Dutch entities that are part of these fiscal unities are included in the list containing the information referred to in article 379 and article 414, Book 2 of the Dutch Civil Code, which is filed at the office of the Chamber of Commerce in Amsterdam. The company and its subsidiaries that form part of the respective fiscal unities are jointly and severally liable for taxation payable by these fiscal unities.

Guarantees
TNT Express N.V. provided parental support in the form of specific guarantees to various subsidiaries, in addition to the declaration of joint and several liability in compliance with article 403 Book 2 of the Dutch Civil Code: a €570 million relating to committed revolving credit facilities, a €500 million commercial paper programme, a €280 million (2012: 280) credit facility on its cross-currency cash pool as well as various guarantees included in International Swaps and Derivatives Association (ISDA) agreements with banks for the trading of financial derivatives which are materially issued for the TNT Express business; in addition to smaller uncommitted credit and guarantee facilities.

TNT Express N.V. also guarantees the liabilities under the financial and operating lease agreements of aircraft including the Boeing 747 freighters and Boeing 777 freighters. Furthermore, guarantees of €112 million (2012: 205) were issued amongst others for credit and foreign exchange facilities for its subsidiary TNT Express Worldwide (China) Ltd. in addition to smaller uncommitted credit and guarantee facilities to various subsidiaries. TNT Express N.V. has no guarantees outstanding for the benefit of unconsolidated subsidiaries and third parties, other than those provided in the ordinary course of divestments and other transactions.

The cross guarantee arrangement between TNT Express and PostNL regarding pensions is described in note 28.

42 Subsidiaries and associated companies at 31 December 2013
(No corresponding financial statement number)

The full list containing the information referred to in article 379 and article 414 of Book 2 of the Dutch Civil Code is filed at the office of the Chamber of Commerce in Amsterdam.

Hoofddorp, 18 February 2014

EXECUTIVE BOARD
L.W. Gunning (Chairman)
B.L. Bot

SUPERVISORY BOARD
A. Burgmans (Chairman)
M.E. Harris
R. King
S. Levy
M. Scheltema
Sj.S. Vollebregt

TNT Express N.V.
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OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

To: the Annual General Meeting of Shareholders of TNT Express N.V.

Report on the audit of the financial statements

Our opinion with respect to the consolidated and corporate financial statements

In our opinion:

- The consolidated financial statements as set out on pages 71 to 137 give a true and fair view of the financial position of TNT Express N.V. (the 'company') and its subsidiaries (the 'Group') as at 31 December 2013, and of their result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
- The corporate financial statements as set out on pages 138 to 142 give a true and fair view of the financial position of TNT Express N.V. as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements as set out on pages 71 to 142 of TNT Express N.V., Amsterdam. These financial statements consist of the consolidated financial statements and the corporate financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statements of comprehensive income, changes in cash flows and equity for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The corporate financial statements comprise the company's statement of financial position as at 31 December 2013, the company's income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section *Our responsibilities for the audit of the financial statements* of our report. We are independent of the company within the meaning of the relevant Dutch ethical requirements as included in the 'Verordening op de gedrags- en beroepsregels accountants' (VGBA) and the 'Verordeninginzake de onafhankelijkheid van accountantsbijassuranceopdrachten' (ViO) and have fulfilled our other responsibilities under those ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The key audit matters from our audit

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Supervisory Board of TNT Express N.V., but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Assets of TNT Brazil classified as held for disposal

The assets and liabilities of TNT Brazil are reported as an asset held for disposal on the balance sheet and presented as a discontinued operation in the income statement as of the first quarter in 2013. A specific disclosure is included in note 8 to the financial statements. The valuation and the intention to sell assumption related to this entity are significant to the financial statements and our audit.

This involves management judgment given the nature of the business and the related negotiations concerning the disposal. On 30 January 2014, TNT Express N.V. announced that it would retain its Brazilian domestic business. As part of our procedures we considered the accounting treatment as well as the disclosure as a subsequent event in note 35.

Strategic initiatives

The company is currently engaged in a number of strategic initiatives, most notably the *Deliver!* programme. These initiatives impacted our audit as follows:

- The new reportable structure resulted in a change in reportable segments under IFRS 8 (refer to note 34 to the financial statements).
- The company announced a number of restructuring initiatives during the year. In our audit we addressed the appropriateness and timely recognition of costs and provisions in accordance with IAS 37. These recognition criteria are detailed and depend upon local communication and country specific labour circumstances. We refer to note 11 to the financial statements.
- We have identified an increased risk in the company's control environment in areas where these organisational changes took place and specifically discussed this risk, management's mitigating actions, and our observations with the company's Executive Board and Audit Committee. We refer to chapter 4 section V, *Risk Management*.

Sensitivities with respect to the valuation of goodwill

As a result of changes to the organisational structure, the Company performed a goodwill impairment test during the second quarter of 2013 which led to an impairment charge of €296 million. Subsequently, during the 2013 fourth-quarter closing process, the annual goodwill impairment test was performed resulting in sufficient headroom concerning the carrying value of goodwill. The assumptions and sensitivities in the 2013 fourth-quarter impairment test are disclosed in note 1 to the financial statements. These impairment tests are significant to our audit because the assessment process is complex and requires management judgement, and is based on assumptions that are affected by expected future market conditions. As a result, our audit procedures included, amongst others, using a valuation specialist to assist us in evaluating the assumptions and methodologies used by TNT Express N.V., in particular those relating to the forecast revenue growth and the weighted average cost of capital for various cash generating units. We also focused on the adequacy of the company's disclosures regarding those assumptions.

Airplanes reclassified to fixed assets

Two Boeing 747 freighters were reclassified from 'assets held for disposal' to 'property, plant and equipment' because a disposal under acceptable conditions was no longer viable. This changes the underlying valuation from fair value to carrying value in the financial statements as disclosed in note 8 to the financial statements. During our audit we identified this valuation risk and performed procedures focused on the timely reclassification and valuation of the airplanes. We reviewed independent valuation reports which support the valuation of these airplanes.

Assumptions and forecasts underlying valuation of deferred tax assets and uncertain tax positions

The Group operates in various countries with local tax regulations. The country specific tax risks are a significant risk in our audit as these could entail potential material amounts due. Our procedures included, amongst others, the involvement of tax specialists. TNT Express has disclosed the tax risks in note 28 to the financial statements.

The company has recorded deferred tax assets in the financial statements resulting from temporary differences and losses carried forward of €198 million, as disclosed in note 23 to the financial statements. The Company recognises these deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered. The realisation probability is impacted by uncertainties regarding the realisation of such benefits, including the expiration date of losses and future taxable income. Our audit procedures included, amongst others, evaluating assumptions and methodologies used by the company to determine the recoverable amount per country.

Risk of management override of internal controls

The company operates in multiple jurisdictions and is subject to the risk of management override of controls. In order to address this risk, the company has established a comprehensive governance structure as detailed in chapter 4 of the annual report. In our audit, we performed procedures which allow us to rely, to the extent possible, on management's governance structure. We also perform additional audit procedures designed to identify the risk of management override of controls. These procedures included, amongst others, an assessment of the 'tone-at-the-top', budget to actual analysis, consideration of bonus schemes, assessment of internal control deficiencies, follow-up on whistleblower allegations, revenue recognition and cost cut off procedures, as well as examination of manual journal entries. We also maintained unpredictability in our audits and made specific enquiries at different levels in the organisation to establish consistency.

Our findings with respect to going concern

The financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate TNT Express N.V. or to cease operations, or has no realistic alternative but to do so.

As part of our audit of the financial statements, we concur with management's use of the going concern basis of accounting in the preparation of the financial statements.

Management has not identified a material uncertainty that may cast significant doubt on the ability of to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty.

However, neither management nor the auditor can guarantee the company's ability to continue as a going concern.

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Executive Board report as set out on pages 3 to 23, pages 41 to 52 and pages 62 to 68 in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibility for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Dutch Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of TNT Express N.V. and business activities within TNT Express N.V. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We are required to communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Executive Board report and other information

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code regarding our responsibility to report on the Executive Board report and the other information:

- We have no deficiencies to report as a result of our examination whether the Executive Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the other information as required under Part 9 of Book 2 of this Code has been annexed.
- We report that the Executive Board report, to the extent we can assess, is consistent with the financial statements.

Amsterdam, 18 February 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by
drs. R. Dekkers RA

EXTRACT FROM THE ARTICLES OF ASSOCIATION ON APPROPRIATION OF PROFIT

Article 30. Dividends. Reservations.

30.1 Out of the profit the credit balance of the profit and loss account earned in the past financial year shall first be paid, if possible, a dividend on the preference shares of a percentage equal to the average twelve 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 Executive Board, subject to the approval of the Supervisory Board, of at least one percentage point and at most three percentage points, depending on the prevailing market conditions. In the event the relevant preference shares are issued in the course of a financial year the dividend shall be calculated as a proportion of the time lapsed. If at any time the twelve monthly EURIBOR is no longer fixed, the dividend percentage shall be equal to the arithmetic mean of the average effective yields of the five longest-dated state loans, as calculated by the Central Bureau of Statistics *(Centraal Bureau voor de Statistiek)* and published in the Official Price List, over the last twenty stock-exchange business days before the date of issue, plus a premium, to be determined by the Executive Board and subject to the approval of the Supervisory Board, of at least one quarter of a percentage point and at most one percentage point, depending on the prevailing market conditions.
If the distribution on the preference shares for any financial year as referred to in the preceding paragraph cannot be made or cannot be made in full because the profit does not permit it, the deficit shall be distributed as a charge to the distributable part of the shareholders' equity. The dividend on preference shares shall be calculated on the paid up part of the nominal value.

30.2 The Executive Board shall then subject to the approval of the Supervisory Board determine what part of the profit remaining after the application of article 30.1 is to be appropriated to reserves.

30.3 The part of the profit remaining after the appropriation to reserves shall be at the disposal of the general meeting, except that no further distributions can be made on the preference shares.

30.4 If a loss is sustained in any year, no dividend shall be distributed for that year. No dividend may be paid in subsequent years until the loss has been compensated by profits. The general meeting may, however, resolve on a proposal of the Executive Board which has received the approval of the Supervisory Board to compensate the loss out of the distributable part of the shareholders' equity or also to distribute a dividend out of the distributable part of the shareholders' equity.

30.5 The Executive Board may resolve to distribute an interim dividend. Such a resolution shall be subject to the approval of the Supervisory Board. 30.6 No dividend shall be paid on the shares held by the company in its own capital. For the computation of the profit distribution, the shares on which according to this article 30.6 no dividend shall be paid, shall not be included. The provisions laid down before in this article 30.6 shall not be applicable in the event that the Executive Board resolves otherwise, which resolution shall be subject to the approval of the Supervisory Board.
30.7 Sections 104 and 105 of Book 2 of the Dutch Civil Code shall also be applicable to distributions to shareholders.

Article 31. Distributions in shares and distributions charged to the reserves.

31.1 The Executive Board may resolve that all or part of the dividend on ordinary shares shall be paid in shares in the company instead of cash. In case of an interim distribution the Executive Board may also resolve that the payments shall take place to the debit of the distributable part of the shareholders' equity. These resolutions of the Executive Board shall be subject to the approval of the Supervisory Board.

31.2 The general meeting may resolve, on a proposal of the Executive Board which has received the approval of the Supervisory Board, to charge distributions to holders of ordinary shares to the distributable part of the shareholders' equity. All or part of these distributions may also be paid in shares in the company instead of cash.

DIVIDEND PROPOSAL

The Executive Board of TNT Express has decided, with the approval of the Supervisory Board, to propose to compensate the loss out of the distributable part of the shareholders' equity and to pay a pro forma dividend out of the distributable part of the shareholders’ equity. The proposed final dividend is €0.024 per share. The €0.022 per share interim dividend together with the proposed final dividend, (€0.046 per share in total), represents a payout of 40% of normalised net income (‘profit attributable to equity holders of the parent’ adjusted for significant one-off and exceptional items) over the full year 2013, in line with the dividend guidelines. The final dividend is payable, at the shareholder’s election, either wholly in ordinary shares or wholly in cash. The election period is from 11 April 2014 to 5 May 2014, inclusive.

To the extent that the final dividend is paid in shares, it will be paid free of withholding tax and it will be sourced from the additional paid-in capital that is recognised for Dutch dividend withholding tax purposes. The cash dividend will be paid out of the remaining additional paid-in capital. The ratio of the value of the stock dividend to that of the cash dividend will be determined on 5 May 2014, after the close of trading on Euronext Amsterdam, based on the volume-weighted average price (‘VWAP’) of all TNT Express shares traded on Euronext Amsterdam over a three trading day period from 30 April 2014 to 5 May 2014, inclusive. The value of the stock dividend, based on this VWAP, will, subject to rounding, be targeted at but not lower than 3% above the cash dividend. There will be no trading in the stock dividend rights.

The ex-dividend date will be 11 April 2014, the record date 15 April 2014 and the dividend will be payable as of 12 May 2014.

APPROPRIATION OF PROFIT

The Executive Board of TNT Express has decided, with the approval of the Supervisory Board, to appropriate the loss of the period of €122 million to the loss reserves and to propose to compensate the loss out of the distributable part of the shareholders’ equity. The profit remaining at the disposal of the general meeting is zero.

Appropriation of profit	2013
Profit/(loss) attributable to the shareholders	(122)
Appropriation in accordance with the Articles of Association:	
Reserves adopted by the Executive Board and approved by the Supervisory Board (article 30, par.2)	122
Profit at disposal of the Annual General Meeting of Shareholders	0

(in € millions)

GROUP COMPANIES OF TNT EXPRESS N.V.

The list containing the information referred to in article 379 and article 414 of Book 2 of the Dutch Civil Code is filed at the office of the Chamber of Commerce in Amsterdam.

SUBSEQUENT EVENTS

Information relating to subsequent events is disclosed in note 35.

II. CORPORATE RESPONSIBILITY STATEMENTS

Consolidated statement of international standards

Year ended at 31 December	Notes		2013	variance %	2012
OHSAS 18001 (% of total FTE)	(1)		84%		84%
Investors in People (% of total headcount)	(2)		82%		82%
ISO 14001 (% of total FTE)	(3)		84%	1.2	83%
ISO 9001 (% of total FTE)	(4)		88%	3.5	85%

Consolidated statement of health and safety data

Year ended at 31 December	Notes		2013	variance %	2012
Workplace fatal accidents	(5)	♦	0		0
Road traffic blameworthy fatal accidents (own)	(5)	♦	1	100.0	0
Subcontractor road traffic fatal accidents	(5)		13	(31.6)	19
Lost-time accidents	(6)	♦	1,635	(10.5)	1,827
Lost-time accidents per 100 FTE	(6)	♦	2.69	(6.6)	2.88
Absenteeism (% of total standard working hours)[1]	(7)	♦	3.4	3.0	3.3
Blameworthy road traffic incidents/collisions per 100,000 kilometres	(8)		0.79	6.8	0.74

[1] For comparative purposes 2012 numbers have been restated.

Figures with a (♦) fall within the reasonable assurance scope

Consolidated statement of environmental data

Year ended at 31 December	Notes		2013	variance %	2012
CO_2 emissions absolute of own operations (Scope 1 and 2) (ktonnes)[1]	(9)	♦	1,078	3.1	1,046
CO_2 emissions absolute of subcontracted operations (Scope 3) (ktonnes)[1]	(9)		1,268	(2.9)	1,306
CO_2 efficiency network flights (European air network + domestic) (g CO_2/tonne km)	(10)	♦	1,577	(0.8)	1,590
CO_2 efficiency long haul air (g CO_2/tonne km)	(10)	♦	410	(4.9)	431
CO_2 efficiency small trucks and vans (g CO_2/km)	(11)	♦	345	0.6	343
CO_2 efficiency large trucks (g CO_2/km)	(11)	♦	720	(1.5)	731
CO_2 efficiency buildings (kg CO_2/m^2)	(12)	♦	25.0	4.2	24.0
Energy efficiency buildings (MJoules/m^2)	(12)	♦	404	(0.5)	406
Sustainable electricity (% of total electricity)	(12)	♦	49%	(2.0)	50%
Euro 4, 5 and 6 trucks and vans (% of total number of vehicles in EU countries)	(13)		82%	12.3	73%

[1] For comparative purposes 2012 numbers have been restated.

Figures with a (♦) fall within the reasonable assurance scope

Consolidated statement of other data (social and engagement)

Year ended at 31 December	Notes		2013	variance %	2012
Employee engagement	(14)		67%	(5.6)	71%
Gender profile (% of females of total headcount)	(15)		29%	(3.3)	30%
Gender profile of management (% of females of total management)	(15)		30%	3.4	29%
Employees with a disability (% of total headcount)	(15)		1.2%	9.1	1.1%
Voluntary turnover (% of total headcount)	(16)		9%	(10.0)	10%
Internal promotion (% of total management vacancies)[1]	(17)		71%	(2.7)	73%
Training hours per FTE	(18)		19	11.8	17
Customer satisfaction	(19)		87%		87%
Partnership investment and support (€ million)	(20)		871	(49.2)	1,716

[1] For comparative purposes 2012 numbers have been restated.

Figures with a (♦) fall within the reasonable assurance scope

NOTES TO THE CORPORATE RESPONSIBILITY STATEMENTS

NOTES TO THE INTERNATIONAL STANDARDS

1 OHSAS 18001 certification

OHSAS 18001 sets out the minimum requirements for best practices in occupational health and safety management. It also provides a platform for work-related health and safety performance improvement at entity level, enhancing local focus and ownership for monitoring and implementing improvements. All TNT Express business units are required to achieve and maintain OHSAS 18001 certification as a minimum.

OHSAS 18001 certification		GRI indicators: G4-LA6
(in percentage of total FTE working at certified sites)	2013	2012
Europe Main	100%	100%
Europe Other & Americas	75%	77%
Pacific	99%	99%
AMEA	97%	97%
Unallocated	97%	97%
Brazil Domestic	13%	14%
Total TNT Express	84%	84%

TNT Express' operations in Kenya obtained the OHSAS 18001 certificate in 2013.

2 Investors in People certification

TNT Express uses the Investors in People (IiP) standard to provide a consistent and structured approach to people management. The IiP standard requires identifying and communicating clear business objectives to all employees and providing performance feedback, development plans and adequate training. Living up to the IiP standard ensures TNT Express' employees receive the necessary development opportunities they need to be successful and thus create value for the business. Each year, progress evaluations are held with all employees, with a focus on their performance, behaviour and personal development. TNT Express aims to achieve and maintain IiP certification for all operations.

Investors in People certification		GRI indicators: G4-LA9
(in percentage of total headcount working at certified sites)	2013	2012
Europe Main	97%	98%
Europe Other & Americas	100%	100%
Pacific	99%	99%
AMEA	95%	96%
Unallocated	45%	47%
Brazil Domestic	0%	0%
Total TNT Express	82%	82%

In 2013, TNT Express' operations in Ireland obtained IiP certification, whereas, the operations in Jordan lost their certification. A new assessment is planned for mid-2014. Brazil Domestic was classified as a discontinued operation in 2013, and as such did not invest in IiP.

3 ISO 14001 certification

TNT Express adopts the ISO 14001 environmental management system standard within its operations to provide a consistent and structured approach to the management of environmental aspects and the related impact. The standard also meets the demand of an increasing number of customers. TNT Express' business units are required to achieve and maintain ISO 14001 certification as a minimum.

ISO 14001 certification		
(in percentage of total FTE working at certified sites)	2013	2012
Europe Main	100%	100%
Europe Other & Americas	76%	77%
Pacific	99%	99%
AMEA	97%	97%
Unallocated	90%	88%
Brazil Domestic	13%	14%
Total TNT Express	84%	83%

The coverage shows a slight increase as a result of the variance of FTEs per country.

4 ISO 9001 certification

TNT Express aligns its customer management approach to the ISO 9001 quality management standard to ensure that all customers are offered excellent service. The standard sets requirements for continuous quality improvement at entity level, challenging all entities on the service and quality they provide, and enables a customised approach to implement improvements. TNT Express aims to obtain ISO 9001 certification for all operations.

ISO 9001 certification

(in percentage of total FTE working at certified sites)	2013	2012
Europe Main	100%	100%
Europe Other & Americas	96%	86%
Pacific	99%	99%
AMEA	99%	99%
Unallocated	91%	89%
Brazil Domestic	13%	14%
Total TNT Express	88%	85%

In 2013, TNT Express' operations in Chile fully obtained ISO 9001 certification.

NOTES TO THE HEALTH AND SAFETY PERFORMANCE

5 Fatal accidents

Fatal accidents are divided into workplace fatal accidents, road traffic blameworthy fatal accidents involving a TNT Express employee and road traffic fatal accidents involving a subcontractor. A fatal accident can lead to multiple fatalities.

Workplace fatal accidents			GRI indicators: G4-LA6
(in numbers)		2013	2012
Europe Main	♦	0	0
Europe Other & Americas	♦	0	0
Pacific	♦	0	0
AMEA	♦	0	0
Unallocated	♦	0	0
Brazil Domestic	♦	0	0
Total TNT Express	♦	0	0

Figures with a (♦) fall within the reasonable assurance scope

No workplace fatal accident occurred in both 2013 and 2012.

Road traffic blameworthy fatal accidents (own)			GRI indicators: G4-LA6
(in numbers)		2013	2012
Europe Main	♦	0	0
Europe Other & Americas	♦	1	0
Pacific	♦	0	0
AMEA	♦	0	0
Unallocated	♦	0	0
Brazil Domestic	♦	0	0
Total TNT Express	♦	1	0

Figures with a (♦) fall within the reasonable assurance scope

In 2013, one road traffic blameworthy fatal accident occurred in Chile.

Subcontractor road traffic fatal accidents	GRI indicators: G4-LA6	
(in numbers)	2013	2012
Europe Main	3	6
Europe Other & Americas	0	1
Pacific	1	1
AMEA	0	1
Unallocated	1	1
Brazil Domestic	8	9
Total TNT Express	13	19

For subcontractor road traffic fatal accident information, TNT Express relies on subcontractors to report fatal accidents involving their drivers and (other) third parties. Blameworthiness in those instances cannot currently be established by TNT Express. TNT Express monitors, reviews and discusses subcontractor performance to ensure that contractual obligations with regard to safety are appropriately implemented and maintained.

The majority of subcontractor fatal accidents occurred in Brazil Domestic. TNT Express Germany, TNT Express Australia, TNT Innight Germany and TNT Fashion UK also reported a number of subcontractor fatal accidents.

6 Lost-time accidents

Lost-time accidents (LTA) involving own employees are reported as both an absolute number and as a ratio to show the relative change. The average number of days lost per accident is generally used in the industry as an indication of the severity of the accidents.

Lost-time accidents			GRI indicators: G4-LA6
(in numbers)		2013	2012
Europe Main	♦	801	862
Europe Other & Americas	♦	278	370
Pacific	♦	207	191
AMEA	♦	44	43
Unallocated	♦	211	232
Brazil Domestic	♦	94	129
Total TNT Express	♦	1,635	1,827

Figures with a (♦) fall within the reasonable assurance scope

Lost-time accidents ratio			GRI indicators: G4-LA6
(in lost-time accidents per 100 FTE)		2013	2012
Europe Main	♦	3.51	3.65
Europe Other & Americas	♦	2.72	3.55
Pacific	♦	4.18	3.73
AMEA	♦	0.43	0.41
Unallocated	♦	4.13	4.37
Brazil Domestic	♦	1.25	1.53
Total TNT Express	♦	2.69	2.88

Figures with a (♦) fall within the reasonable assurance scope

Both absolute LTAs and the LTA ratio showed a continued downward trend, due to the focus on managing safety risks and improving safety systems and processes at a local level. Improvements are visible in France, the United Kingdom, Chile and the Liège-based hub.

Average number of days lost due to a lost-time accident			GRI indicators: G4-LA6
(in days)		2013	2012
Europe Main	♦	20.7	23.4
Europe Other & Americas	♦	14.3	9.2
Pacific	♦	22.4	19.0
AMEA	♦	18.0	25.9
Unallocated	♦	32.5	28.6
Brazil Domestic	♦	21.7	21.7
Total TNT Express	♦	21.3	20.7

Figures with a (♦) fall within the reasonable assurance scope

7 Absenteeism

TNT Express' approach to manage an employee's long-term absence is to provide employees with a safe and timely return to work, regardless of the reason for being absent. In the event of a long-term absence, a 'return to work interview' is held as an open discussion. This provides an open forum where management can provide support to the employee and attempt to improve the situation were applicable. The employee's return to work is also closely managed by a registered medical practitioner if required.

Absenteeism			GRI indicators: G4-LA6
(in percentage of standard working hours)		2013	2012
Europe Main	♦	4.4	4.4
Europe Other & Americas	♦	2.6	2.5
Pacific	♦	3.2	3.7
AMEA[1]	♦	1.1	1.0
Unallocated[1]	♦	6.3	5.5
Brazil Domestic	♦	3.3	2.5
Total TNT Express	♦	3.4	3.3

[1] For comparative purposes 2012 numbers have been restated.
Figures with a (♦) fall within the reasonable assurance scope

Absenteeism slightly deteriorated from 3.3% to 3.4%.

8 Road traffic incidents/collisions

The road traffic incident ratio provides an indication of the driving performance of TNT Express' drivers. A road traffic incident is defined as a crash or collision involving an operational vehicle. Road traffic incidents are subdivided into blameworthy and non-blameworthy road traffic incidents. In 2013, 71% of all operational vehicle road traffic incidents were classified as blameworthy (2012: 68%).

Blameworthy road traffic incident ratio		GRI indicators: G4-LA6
(in number of blameworthy road traffic incidents/collisions per 100,000 kilometres)	2013	2012
Europe Main	0.84	0.83
Europe Other & Americas	0.60	0.55
Pacific	1.81	1.72
AMEA	0.20	0.23
Unallocated	1.11	0.94
Brazil Domestic	0.63	0.47
Total TNT Express	0.79	0.74

The blameworthy road safety incident ratio deteriorated by 6.8% to 0.79 incidents per 100,000 kilometres in 2013. TNT Express has performed a review and determined that the increase is not due to any common or consistent underlying cause. A pilot study conducted in the UK & Ireland business unit confirmed that targeted action, including installing reversing cameras in vehicles and developing driver risk profiles, can significantly reduce the number of incidents. The sole business unit to report an improvement was AMEA.

NOTES TO THE ENVIRONMENTAL PERFORMANCE

9 CO_2 emissions absolute

For sector comparison purposes, the CO_2 footprint, according to the Greenhouse Gas Protocol Corporate Standard (revised 2004), can be reported in three categories:

- Scope 1: covers all direct emissions generated by sources that are owned or controlled by the company, such as operational vehicles, aviation and heating.
- Scope 2: includes all emissions from the generation of purchased electricity consumed by the company.
- Scope 3: refers to indirect emissions that are a consequence of the company's activities but occur from sources not owned or controlled by the company.

GRI G4's increased focus on materiality led to the decision by TNT Express to exclude the CO_2 emissions from company cars and business travel by air from its reporting.

CO_2 emissions according to the Greenhouse Gas Protocol[1]	GRI indicators: G4-EN15, G4-EN16 & G4-EN17	
Emission source (in ktonnes)	2013	2012
Scope 1		
Small trucks and vans	46	49
Large trucks	155	170
Other operational vehicles	9	8
Total operational vehicles	210	227
European air network and domestic flights	286	283
Long haul flights	494	449
Other flights	16	17
Total aviation	796	749
Gas	16	15
Heating fuel	2	2
Total heating	18	17
Total Scope 1	1,024	993
Scope 2		
District heating	2	2
Electricity	52	51
Total Scope 2	54	53
Scope 3		
Subcontractors	1,268	1,306
Total Scope 3	1,268	1,306
Total TNT Express own CO_2 footprint (Scope 1 and 2)	1,078	1,046
Total TNT Express CO_2 footprint (Scope 1, 2 and 3)	2,346	2,352

[1] For comparative purposes 2012 numbers have been restated.

In 2013, the CO_2 emissions of TNT Express' own and subcontractor operations (Scope 1, 2 and 3) decreased by 0.3% to 2,346 ktonnes.

CO_2 emissions of own operations[1]		GRI indicators: G4-EN15	
(in ktonnes)		2013	2012
Europe Main		101	104
Europe Other & Americas		42	41
Pacific		44	46
AMEA		42	42
Unallocated		818	769
Brazil Domestic		31	44
Total TNT Express	♦	1,078	1,046

[1] For comparative purposes 2012 numbers have been restated.
Figures with a (♦) fall within the reasonable assurance scope

TNT Express' own CO_2 emissions (Scope 1 and 2) increased by 3.1% compared to 2012, mainly due to the increased CO_2 emissions of aircraft (Unallocated). The company's own operational vehicles reduced their absolute emissions as a result of the reduction of Brazil Domestic's own road fleet size.

CO_2 emissions of subcontractor operations[1]	GRI indicators: G4-EN17	
(in ktonnes)	2013	2012
Europe Main	371	371
Europe Other & Americas	112	110
Pacific	88	112
AMEA	44	38
Unallocated	606	634
Brazil Domestic	47	41
Total TNT Express	1,268	1,306

[1] For comparative purposes 2012 numbers have been restated.

TNT Express' subcontractor CO_2 emissions (Scope 3) decreased by 2.9% to 1,268 ktonnes, which was mainly caused by the reduction of road linehaul in Australia and reduction of subcontractor air activities. The subcontractor CO_2 emission is calculated based on secondary indicators such as kilometres driven and costs, because of the unavailability of primary data (fuel consumption) of subcontractor activities.

CO_2 emissions of own and subcontractor operations[1]			GRI indicators: G4-EN15, G4-EN16 & G4-EN17		
(in ktonnes)	Year	Own operations	Subcontractor operations	% Own	% Subcontractors
Road transport	2013	210	824	20%	80%
	2012	227	836	21%	79%
Air transport	2013	796	444	64%	36%
	2012	749	470	61%	39%
Buildings	2013	72	0	100%	0%
	2012	70	0	100%	0%
Total TNT Express	2013	1,078	1,268	46%	54%
	2012	1,046	1,306	44%	56%

[1] For comparative purposes 2012 numbers have been restated.

In 2013, 44% of the total CO_2 emissions (own and subcontractors) was related to road transport, 53% to air transport and 3% to buildings. TNT Express relies on subcontractors for a substantial part of its business activities. Capturing accurate data related to their activities is a challenge in environmental reporting. Due to the unavailability of primary data (fuel consumption) of subcontractor activities, subcontractor CO_2 emission is calculated on the basis of secondary indicators, such as kilometres driven and costs. In 2013, 54% of TNT Express' CO_2 footprint could be attributed to subcontractors (2012: 56%).

10 CO_2 efficiency air transport

CO_2 efficiency air transport		GRI indicators: G4-EN15	
(in g CO_2 / tonne km)		2013	2012
Network flights (European air network + domestic)	♦	1,577	1,590
Long haul flights	♦	410	431

Figures with a (♦) fall within the reasonable assurance scope

The CO_2 efficiency for TNT Express' European air network and long haul flights improved due to higher load factors and the use of relatively fuel-efficient Boeing 777 freighters for the entire year (only 9 months in 2012).

At the end of 2013, TNT Express operated 50 aircraft. Since 2012, TNT Express' air operations are included in the EU Emission Trading Scheme (EU ETS). The EU ETS aims to reduce greenhouse gas emissions by putting a price on carbon and includes all flights arriving at or departing from any European Union airport. The CO_2 emission of TNT Express' flights subject to EU ETS was 664 ktonnes in 2013 (2012: 639).

11 CO_2 efficiency road transport

The efficiency indicator, CO_2 per kilometre for vehicles, does not reflect all improvement efforts, such as improved network optimisation and positive changes in capacity load factors. TNT Express recognises that an adjustment is required to the efficiency indicator to adequately reflect network efficiencies.

CO_2 efficiency small trucks and vans

The number of small trucks and vans decreased from 4,206 in 2012 to 4,052 in 2013, mainly due to Brazil Domestic reducing its own fleet. 3.9% of TNT Express' small trucks and vans are powered by alternative fuels.

CO_2 efficiency of small trucks and vans		GRI indicators: G4-EN15	
(in g CO_2 / km)		2013	2012
Europe Main	♦	343	333
Europe Other & Americas	♦	319	315
Pacific	♦	409	404
AMEA	♦	334	336
Unallocated	♦	246	214
Brazil Domestic	♦	427	401
Total TNT Express	♦	345	343

Figures with a (♦) fall within the reasonable assurance scope

The slight CO_2 efficiency deterioration of small trucks and vans is mainly caused by the France business unit due to a shift from light trucks to heavier trucks within this category. Only the AMEA business unit improved its CO_2 per kilometre performance.

CO_2 efficiency large trucks

The number of large trucks (mainly linehaul vehicles) decreased from 3,963 in 2012 to 3,887 in 2013, mainly due to Brazil Domestic reducing its own fleet. 0.3% of TNT Express' large trucks are powered by alternative fuels.

CO_2 efficiency of large trucks		GRI indicators: G4-EN15	
(in g CO_2 / km)		2013	2012
Europe Main	♦	652	653
Europe Other & Americas	♦	828	833
Pacific	♦	840	826
AMEA	♦	660	650
Unallocated	♦	667	689
Brazil Domestic	♦	816	846
Total TNT Express	♦	720	731

Figures with a (♦) fall within the reasonable assurance scope

The CO_2 efficiency improvement of large trucks is mainly caused by the disposal of inefficient older trucks in Brazil Domestic. As for the European road network, there was continued focus on driver behaviour resulting in an improvement in the Unallocated segment.

12 CO_2 efficiency buildings

TNT Express uses different types of facilities around the world, including depots, road hubs, air hubs, and offices. TNT Express owns or leases approximately 2.8 million m^2 of buildings. The CO_2 efficiency and the energy efficiency metrics of buildings combine all types of energy consumed in buildings and cover electricity, gas, heating fuel and district heating. In 2013, the total energy use of TNT Express' buildings was 222.3 million kWh of electricity, 8.5 million m^3 of gas, 0.6 million litres of heating fuel and 0.06 million GJoules of district heating.

CO_2 efficiency of buildings		GRI indicators: G4-EN15 & G4-EN16	
(in kg CO_2 / m^2)		2013	2012
Europe Main	♦	13.5	12.6
Europe Other & Americas	♦	30.8	26.7
Pacific	♦	49.9	54.6
AMEA	♦	69.8	69.8
Unallocated	♦	21.5	19.9
Brazil Domestic	♦	3.9	3.2
Total TNT Express	♦	25.0	24.0

Figures with a (♦) fall within the reasonable assurance scope

TNT Express' CO_2 efficiency of buildings deteriorated due to changes in the business portfolio and the relatively cold winter in Europe in the beginning of 2013.

Energy efficiency of buildings		GRI indicators: G4-EN15 & G4-EN16	
(in Mjoules / m^2)		2013	2012
Europe Main	♦	427	428
Europe Other & Americas	♦	453	450
Pacific	♦	243	259
AMEA	♦	399	398
Unallocated	♦	516	520
Brazil Domestic	♦	163	179
Total TNT Express	♦	404	406

Figures with a (♦) fall within the reasonable assurance scope

The energy efficiency of buildings reflects the usage of electricity, gas, heating fuel and district heating converted into joules per square metre.

Sustainable electricity			GRI indicators: G4-EN3
(in percentage of total electricity)		2013	2012
Europe Main	♦	72%	72%
Europe Other & Americas	♦	37%	38%
Pacific	♦	10%	9%
AMEA	♦	0%	0%
Unallocated	♦	71%	73%
Brazil Domestic	♦	0%	0%
Total TNT Express	♦	49%	50%

Figures with a (♦) fall within the reasonable assurance scope

In 2013, 49% of electricity used was generated by sustainable sources, which resulted in 42 ktonnes of avoided nett CO_2 emissions (2012: 45). The decline in sustainable electricity used can primarily be attributed to the changes in the business portfolio.

13 Other vehicle emissions

The objective of the European emission standards (Euro 4, 5 and 6) is to reduce emissions of:

- particulate matters (PM10);
- nitrogen oxides (NO_x); and
- carbon monoxide (CO).

European legislation requires new trucks and vans to comply with the highest norms for these emissions to improve air quality in the European Union.

European emission standards for small trucks and vans		
(in percentage of total small trucks and vans in European Union countries)	2013	2012
Vehicles complying with Euro 6	>0%	0%
Vehicles complying with Euro 5	68%	58%
Vehicles complying with Euro 4	12%	20%
Vehicles younger than 5 years (excluding Euro 4, 5 and 6)	2%	2%
Vehicles older than 5 years	18%	20%

European emission standards for large trucks		
(in percentage of total large trucks in European Union countries)	2013	2012
Vehicles complying with Euro 6	>0%	0%
Vehicles complying with Euro 5	68%	53%
Vehicles complying with Euro 4	14%	17%
Vehicles younger than 5 years (excluding Euro 4, 5 and 6)	>0%	>0%
Vehicles older than 5 years	17%	30%

In 2013, the composition of TNT Express' fleet of small and large trucks in European Union countries changed to include more Euro 5 compliant vehicles and therefore cleaner vehicles. In 2013, two Euro 6 small trucks were acquired in the Netherlands and Denmark and one Euro 6 large truck in TNT Express' European road network.

ADDITIONAL NOTES

NOTES TO THE SOCIAL AND ENGAGEMENT PERFORMANCE

14 Employee engagement

Employee engagement is measured every year through the global engagement survey, *VOICE*. In 2013, TNT Express scored 67% on employee engagement (2012: 71%). Management will pay particular attention to the areas highlighted by the engagement survey including workload and process efficiency.

All entities participated in the survey with the exception of China Domestic and Brazil Domestic. The global response rate was 75%.

Processes and practices that differentiate and recognise good performance are consistently deployed at all levels to stimulate the discretionary effort and good performance of each employee.

15 Diversity

Gender profile

GRI indicators: G4-10

(in percentage of headcount)	2013 Male	2013 Female	2012 Male	2012 Female
Europe Main	68%	32%	67%	33%
Europe Other & Americas	62%	38%	62%	38%
Pacific	81%	19%	80%	20%
AMEA	68%	32%	67%	33%
Unallocated	75%	25%	75%	25%
Brazil Domestic	85%	15%	85%	15%
Total TNT Express	71%	29%	70%	30%

Gender profile of management

GRI indicators: G4-10

(in percentage of headcount of total management)	2013 Male	2013 Female	2012 Male	2012 Female
Europe Main	70%	30%	71%	29%
Europe Other & Americas	66%	34%	66%	34%
Pacific	78%	22%	79%	21%
AMEA	65%	35%	64%	36%
Unallocated	79%	21%	83%	17%
Brazil Domestic	75%	25%	74%	26%
Total TNT Express	70%	30%	71%	29%

The percentage of women employed at TNT Express in 2013 slightly decreased overall, while the percentage of female managers increased.

TNT Express supports various in-house networks aimed at increasing awareness of diversity, including TNT Express Pride (dedicated to gay, lesbian, bisexual and transgender employees) and TNT Express Linc (a network dedicated to the professional development of women in TNT Express).

Employees with a disability

GRI indicators: G4-10

(in number and percentage of headcount)	2013 Number in headcount	2013 Percentage of headcount	2012 Number in headcount	2012 Percentage of headcount
Europe Main	536	2.3%	521	2.1%
Europe Other & Americas	69	0.6%	69	0.6%
Pacific	7	0.2%	7	0.2%
AMEA	42	0.4%	42	0.4%
Unallocated	11	0.2%	8	0.1%
Brazil Domestic	65	0.9%	78	1.1%
Total TNT Express	730	1.2%	725	1.1%

The absolute number and percentage of employees with a disability increased in 2013.

16 Voluntary turnover

Voluntary turnover		GRI indicators: G4-LA1
(in percentage of headcount)	2013	2012
Europe Main	6%	6%
Europe Other & Americas	9%	11%
Pacific	9%	10%
AMEA	16%	16%
Unallocated	3%	9%
Brazil Domestic	14%	13%
Total TNT Express	9%	10%

17 Internal promotion

Internal promotion		GRI indicators: G4-LA1
(in percentage of total management vacancies)	2013	2012
Europe Main	86%	81%
Europe Other & Americas	72%	77%
Pacific	64%	57%
AMEA	77%	76%
Unallocated	36%	65%
Brazil Domestic[1]	57%	56%
Total TNT Express	71%	73%

[1] For comparative purposes 2012 numbers have been restated.

In 2013, 13% less management vacancies became available and 71% of the vacancies were filled by internal resources (2012: 73%).

18 Learning and development

The TNT Express Learning Centre coordinates all development activities related to training in Europe which is achieved by using dedicated development resources from all European operating units. Training delivery is coordinated locally. TNT Express' learning centre provides development sessions, such as functional and behavioural training, and other learning interventions by combined delivery activities with own employees or external suppliers. Training sessions for other regions in the organisation are provided on request.

Training hours per FTE in 2013 were 19 (related to 97% of all TNT Express FTEs in 2013) compared to 17 hours in 2012 (related to 96% of all TNT Express FTEs in 2012).

19 Customer satisfaction

TNT Express aims to exceed customer expectations. Analysis shows that satisfied customers are more loyal than unsatisfied customers. Understanding the root causes of customers' dissatisfaction and using their feedback helps TNT Express develop strategies to improve customer retention.

TNT Express conducts a quarterly customer satisfaction survey. This approach of conducting regular surveys supports continuous improvement. In 2013, TNT Express received over 47,000 completed surveys from customers across all customer segments. TNT Express measured customer satisfaction as the percentage of customers that rate TNT Express' performance as 'meeting or exceeding expectations'. This customer satisfaction score remained stable at 87% in 2013, compared with 2012.

TNT Express also calculated a net customer satisfaction score, called the 'Orange Experience Score', by subtracting the percentage of customers that rate its performance as 'below expectations' from the percentage of customers that rate it as 'exceeding expectations'. This score also remained stable compared to 2012, at 31%. These scores are presented as a weighted average, based on TNT Express' revenue per country. The 2012 scores have been restated for comparison purposes.

20 Partnership investments and support

TNT Express evaluated its "Moving the World" global partnership with the United Nations World Food Programme on the partnership's future potential and strategic, financial and cultural fit and decided to discontinue this partnership by the end of 2013.

To ensure maximum impact for local partners and engagement of employees, TNT Express will continue to provide logistics supply chain solutions at the local level.

Partnership investments and support

GRI indicators: G4-EC8

(in € thousands)	2013	2012
Awareness and fundraising (engagement and advocacy)	23	117
Driver health and safety (partnership building)	400	800
Supply chain solutions (learning and development)	77	271
Emergency response (support WFP)	196	128
Management & Office	175	400
Total TNT Express	871	1,716

TNT Express has supported Fleet Forum and North Star Alliance in the development of solutions to improve driver health and safety. The financial support was reduced in 2013 and both humanitarian partners have been working together with TNT Express experts to deliver health and safety solutions.

Supply chain actions were focused on developing local solutions. Two example projects are:
- Foodbank supply chain optimisation: A team of four TNT Express experts from operations, procurement and customer service, conducted an impact analysis and developed a manual for Foodbank support within TNT Express countries.
- North-South-East-West Africa (NSEWA): The purpose of the project is to develop an effective health and safety programme within the transport sector in sub-Saharan Africa. To this end, fleet management practices of TNT Express Kenya and its subcontractors were evaluated. The project will deliver a blueprint for a health and safety programme that can be rolled out within TNT Express entities as well as to other transport companies in sub-Saharan Africa.

At the end of 2013, at the request of the United Nations Global Logistics Cluster, trained TNT Express employees were sent to help ensure that critical relief supplies reached those affected by the Haiyan typhoon in the Philippines. In addition to the central Logistics Emergency Team that coordinated the emergency response, four TNT Express customs experts were deployed and two TNT Express operations experts supported the airport operation at Tacloban airport.

OTHER INFORMATION

Corporate Responsibility reporting and assurance scope

Corporate Responsibility reporting criteria

Corporate Responsibility (CR) data are prepared in accordance with the reporting criteria and guidelines of the core application level of the Global Reporting Initiative (GRI) G4 (refer to Annex 1). TNT Express is also a signatory of the United Nations Global Compact and therefore reports on its 10 principles. Key performance indicators (KPIs) are defined in Annex 2. KPIs are selected on the basis of interactive stakeholder dialogue and the issues relevant to TNT Express' operations.

CR data are gathered monthly via a monitoring and reporting system. All figures are based, accordingly, on the data provided by the reporting entities in TNT Express through the CR reporting and monitoring tool. Conversion factors are taken from internationally-acknowledged organisations and instruments such as the Intergovernmental Panel on Climate Change, the International Energy Agency and the Greenhouse Gas Protocol.

Corporate Responsibility reporting scope

In accordance with TNT Express' policy on CR reporting, all companies acquired in any given year are required to report CR data as from the following year. TNT Express entities that are divested (full or partial sale as a result of which TNT Express no longer retains a controlling interest) are excluded from the CR reporting scope for the entire year in which the divestment took place.

The 2013 annual report includes CR data from entities that are fully-owned or majority-owned and from those joint ventures where TNT Express has a controlling interest with respect to corporate responsibility. As a result, the joint ventures in Luxembourg and Switzerland are included in the CR reporting scope, whereas PNG Airfreight and X-Air Services are excluded. TNT Express does rely on a large number of subcontractors to perform its daily business. TNT Express reports on the road traffic fatal accidents of its subcontractors, as well as absolute subcontractor CO_2 emissions (estimated).

The 2013 CR data are based on the same scope as the 2012 CR data. China Domestic (Hoau) is excluded from the reported figures as Hoau was divested on 1 November 2013.

Unless the reporting criteria require absolute figures to be disclosed, figures are presented in a relative way (using percentages and ratios) to allow readers to monitor and measure progress year on year. Figures related to absolute CO_2 emissions are all extrapolated unless stated otherwise. Extrapolation for buildings-related indicators is done on the basis of square metres. Where applicable, the coverage is defined as the number of FTEs working in entities that report data, divided by the total number of FTEs. TNT Express has taken all reasonable steps to ensure that the CR information in the 2013 annual report is accurate.

Labour force CR reporting scope[1] — GRI indicators: G4-10

(in number of FTE and headcount)		2013 FTE	2013 Headcount	2012 FTE	2012 Headcount
Europe Main	♦	22,847	23,390	23,596	24,441
Europe Other & Americas	♦	10,239	10,768	10,408	11,048
Pacific	♦	4,958	4,338	5,119	4,568
AMEA	♦	10,148	9,500	10,574	9,983
Unallocated	♦	5,107	5,664	5,314	5,827
Brazil Domestic	♦	7,527	6,908	8,457	7,461
TNT Express in CR reporting scope	♦	60,826	60,568	63,468	63,328
Out of CR reporting scope		413	415	418	420
Total TNT Express (including joint ventures)		61,239	60,983	63,886	63,748

[1] Including Brazil Domestic and excluding China Domestic (2013 - FTE: 5,385 and headcount: 5,667).
Figures with a (♦) fall within the reasonable assurance scope

Corporate Responsibility assurance scope

TNT Express has engaged PricewaterhouseCoopers Accountants N.V. to provide reasonable assurance on certain 2013 CR metrics (refer to the 2013 assurance report) and limited assurance on all other 2013 CR metrics. All indicators related to reasonable assurance have been audited and are marked by a (♦). Reasonable assurance is obtained through audit work, while other elements of the report have been reviewed. Review work provides only limited assurance because exhaustive gathering of evidence is not required. Refer to PwC's assurance report on page 165.

The assurance work is performed in accordance with the Assurance Standard 3410N ‘Assurance Engagements Relating to Sustainability Reports’ as drawn up by the professional body of Dutch Accountants (NBA).

As part of the external assurance engagement, PricewaterhouseCoopers Accountants N.V. also makes use of the capacity of the Compliance function of TNT Express. PricewaterhouseCoopers Accountants N.V. reviews the findings of internal audit reports and meets regularly with management of Compliance to discuss any findings. An internal control framework (ICCR) is applicable for CR reporting processes to capture and report reliable CR data.

ASSURANCE REPORT

To: the Executive Board of TNT Express N.V

Our opinion and conclusion on the Corporate Responsibility chapters

Our engagement consists of a combination of audit and review procedures on the content of chapter 3 and section II of chapter 5 and the annexes in the annual report of TNT Express N.V., Amsterdam (referred to as: 'CR chapters'). We recommend reading our complete assurance report for a comprehensive understanding of our opinion and conclusion.

Based on our audit procedures, in our opinion,

- the data (and graphs), as included in the CR chapters and marked with a rhombus (♦), as mentioned in our audit procedures, are in all material respects presented reliably and adequately, in accordance with the TNT Express N.V. reporting criteria.

Based on our review procedures, we conclude that,

- concerning the other elements of the CR chapters, nothing has come to our attention that would cause us to conclude that the CR chapters, in all material respects, do not provide a reliable and adequate presentation of the Corporate Responsibility policy of TNT Express or of the Corporate Responsibility related performance during the reporting year, in accordance with TNT Express' reporting criteria.

The responsibilities of the Executive Board and our responsibilities

The Executive Board of TNT Express N.V. is responsible for the preparation of the CR chapters in accordance with the reporting criteria.

We are responsible for providing an assurance report on the CR chapters included in the annual report, based on our audit and review procedures.

What we have audited and reviewed

We have examined the content of the CR chapters in which TNT Express N.V. renders account of its performance related to Corporate Responsibility in 2013.

Our examination consisted of the following combination of audit and review procedures:

- Audit of data and tables as included in the annual report related to the following key performance indicators:
  - number of employees and full-time equivalents employed;
  - workplace fatal accidents and road traffic blameworthy fatal accidents (own);
  - lost-time accidents per 100 FTE;
  - absenteeism (% of total standard working hours);
  - CO_2 emissions absolute of own operations (Scope 1 and 2 of the Greenhouse Gas Protocol);
  - CO_2 efficiency of own fleet, split into network flights, long haul air, large trucks and small trucks and vans;
  - CO_2 efficiency buildings; and
  - percentage of sustainable electricity.
- Review of all the other elements included in the CR chapters of the Annual Report.

We do not provide any assurance on the assumptions and feasibility of prospective information, such as targets, expectations and ambitions, included in the sustainability information.

The TNT Express N.V. Corporate Responsibility reporting criteria

TNT Express N.V. developed its reporting criteria on the basis of the G4 Guidelines of the Global Reporting Initiative ('GRI') as mentioned on the pages 163 to 164 of the annual report. The reporting criteria as developed by TNT Express N.V. contain certain inherent limitations which may influence the reliability of the information. The CR chapters do not cover the information for all entities of TNT Express N.V. as the CR chapters only includes data from entities that are fully-owned or majority-owned and from those joint-ventures where TNT Express N.V. has a controlling interest with respect to Corporate Responsibility. This is adequately disclosed on page 163 'Corporate Responsibility reporting scope'.

We consider the reporting criteria to be relevant and sufficient for our examination.

The basis for our opinion and conclusion

We planned and performed our work in accordance with Dutch law, including Standard 3410N 'Assurance Engagements Relating to Sustainability Reports'.

Audit procedures focus on obtaining reasonable assurance, substantiated by sufficient and appropriate supporting audit evidence. The audited data are marked with a rhombus (♦). Review procedures focus on obtaining limited assurance which does not require exhaustive gathering of evidence, therefore providing less assurance than audit procedures. Consequently, we report our conclusions with respect to the audit and review procedures separately. We believe these combined procedures fulfil a rational objective.

Audit procedures

With regard to the audited data, among others we have gathered audit evidence from the following procedures:

- performing an external environment analysis and obtaining insight into the industry, relevant social issues, relevant laws and regulations and the characteristics of the organisation;
- assessing and testing the systems and processes used for data gathering, consolidation and validation, including the methods used for calculating and estimating results;
- testing the design, existence and the effectiveness of the relevant internal control measures during the reporting period;
- reconciling reported data to internal and external source documentation;
- examining the existence and validity of certificates issued in respect of the management system standards which have been adopted by TNT Express; and
- performing analytical procedures, relation checks and detailed checks.

Review procedures

Our most important review procedures are:

- assessing the acceptability and consistent application of the reporting policies in relation to the information requirements of TNT Express' stakeholders;
- reviewing internal and external documentation to determine whether the information in the CR chapters is substantiated adequately;
- validating and testing of the model used for estimating the CO_2-emissions of subcontractors;
- evaluating the overall presentation of the CR chapters, in line with TNT Express' reporting criteria; and
- assessing whether the sustainability information has been prepared 'in accordance' with the GRI G4 Guidelines.

We believe that the evidence obtained from our examination is sufficient and appropriate to provide a basis for our opinion and our conclusion.

Amsterdam, 18 February 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by
drs. R. Dekkers RA

CHAPTER 6 INVESTOR RELATIONS AND SHARE PRICE PERFORMANCE

I. INTERACTING WITH THE CAPITAL MARKETS

Contact with the investment community is dealt with by the members of the Executive Board, TNT Express' investor relations professionals and, much less frequently, by the chairman of the Supervisory Board and TNT Express employees specifically mandated by the Executive Board. The CFO has the principal responsibility for investor relations. The Investor Relations department ensures timely, consistent and accurate disclosure of information to the financial community and arranges the contacts between the Executive Board and the investment community.

The Executive Board provides explanations on quarterly results either via group meetings or teleconferences, accessible by telephone and the internet. Meetings with institutional investors are also held to ensure that the investment community receives a balanced and complete view of TNT Express' performance and the issues and opportunities the business is facing. In addition, TNT Express communicates with the financial community through press releases, the annual report, general meetings and its corporate website (www.tnt.com/corporate).

TNT Express' policy is to provide the financial community with equal and simultaneous information about matters that may be price sensitive. TNT Express does not compromise the independence of analysts in relation to the company and vice versa. Analysts' reports and valuations are not assessed, commented upon or corrected, other than to highlight factual mistakes. TNT Express does not pay any fees to parties conducting research for analysts' reports, or for the production or publication of analysts' reports, with the exception of credit rating agencies.

In 2013, TNT Express maintained a close dialogue with the capital markets through:
- Quarterly results presentations and teleconferences
- Day-to-day contacts via the investor relations department
- Road show meetings after results releases
- Ad hoc meetings with individual investors and at conferences in Europe, the United States and Asia
- The Annual General Meeting of Shareholders
- The investor relations page on TNT Express' corporate website (www.tnt.com/corporate)

II. OUTSTANDING SHARES

As per 31 December 2013, TNT Express had 544,957,426 ordinary shares outstanding. The ordinary unregistered shares of TNT Express N.V. are listed on Euronext Amsterdam (ticker symbol: TNTE; ISIN common share: NL0009739424) and included in the AEX index. The AEX index consists of a maximum of 25 of the top companies in the Netherlands, ranked on the basis of turnover and free-float-adjusted market capitalisation.

TNT Express N.V. also sponsors a level 1 American Depository Receipts (ADR) programme (ticker symbol: TNTEY; CUSIP 87262N109).

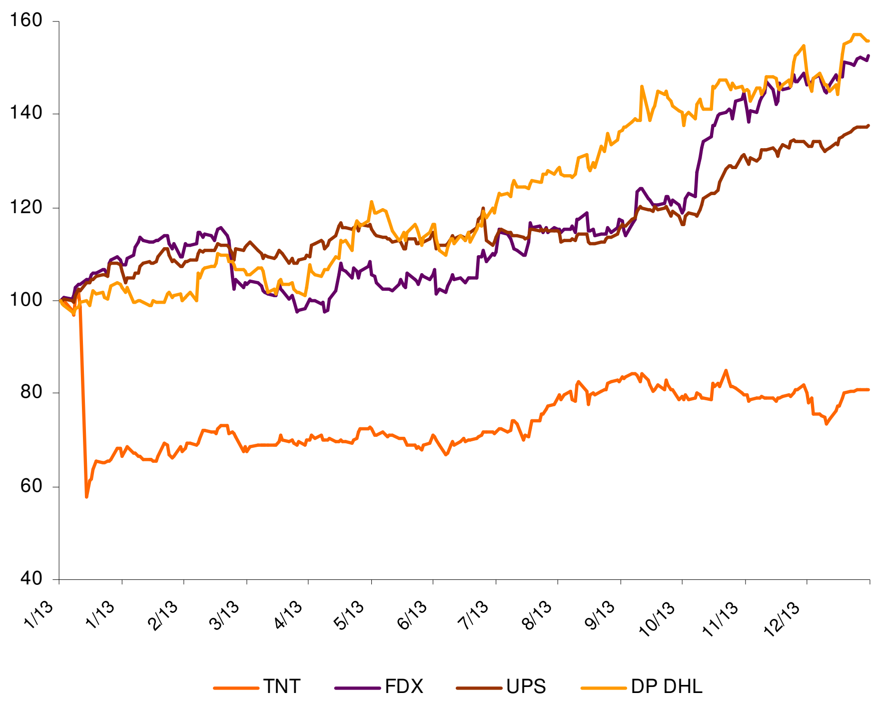
III. SHARE PRICE PERFORMANCE

Share price performance (ticker symbol: TNTE)

Share price (€)		
	High	€ 8.50
	Low	€ 4.84
	Close	€ 6.75
Average number of shares in issue in 2013		544,171,809

In 2013, TNT Express' share price performance was largely impacted by the European Commission's prohibition in January of the intended merger with UPS. As a result, TNT Express' share price decreased by 20% for the period from 1 January to 31 December. The share price increased by €3.66 per share or 43% in the period immediately following the announcement of the prohibition of the intended merger, until the end of the year.

TNT Express' share price performance 2013 (rebased to 100)[6]



IV. DIVIDEND

POLICY

TNT Express aims to meet shareholders' return requirements in the long term through growth in the value of the company and in the short term through dividend distribution. TNT Express intends to pay dividends of around 40% of normalised net income in cash and/or stock. Also, on an incidental basis, TNT Express may make tax-exempt share repurchases or other returns of excess cash. Refer to the investor relations page on TNT Express' corporate website (www.tnt.com/corporate) for more information.

DIVIDEND PAYMENTS

A pro forma 2013 interim dividend of €0.022 per ordinary share was paid in August, which combined with the 2012 final dividend payment of €0.03 per ordinary share paid in May 2013, adds up to €18 million of dividend paid in 2013.

FINAL 2013 DIVIDEND PAYMENT (PROPOSED)

The Executive Board of TNT Express has decided, with the approval of the Supervisory Board to propose to compensate the loss out of the distributable part of the shareholders' equity and to pay a pro forma dividend out of the distributable part of the shareholders' equity, of €0.024 per share relating to the full year 2013. The proposed dividend represents a payout of 40% of normalised net income (€0.046 per share in total) and is payable at the shareholder's election, either wholly in ordinary shares or wholly in cash.

V. MAJOR SHAREHOLDERS

Pursuant to the Dutch Financial Markets Supervision Act ('*Wet op het financieel toezicht*'), shareholders must disclose substantial percentage holdings in capital and/or voting rights in the company when such holdings reach, exceed or fall below: 3%, 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 company is notified by the AFM.

[6] Source: Thomson Reuters

The register of AFM disclosed that as per 31 December 2013, PostNL N.V. and Arnhold and S. Bleichroeder Holdings, Inc. had a substantial percentage holding in TNT Express N.V. exceeding 5%.

VI. CREDIT RATING

Management seeks to optimise the cost of capital while preserving the company's financial stability and flexibility. TNT Express' credit rating per January 2014 was BBB+ (Stable) by S&P/Baa2 (Negative) by Moody's.

Financial calendar for 2014

18 February	Publication of 4Q13 and full-year results
09 April	Annual General Meeting of Shareholders
11 April	Ex-dividend
28 April	Publication of 1Q14 results
28 July	Publication of 2Q14 and half-year results
27 October	Publication of 3Q14 results

ANNEXES

ANNEX 1 GLOBAL COMPACT AND GRI G4 INDEX

GLOBAL COMPACT

Mr Gunning, CEO of TNT Express, confirms continued support to the Global Compact, and as a signatory, TNT Express is committed to all of the 10 principles regarding human rights, labour, environment and anti-corruption.

Human Rights	
1	Businesses should support and respect the protection of internationally proclaimed Human Rights.
2	Businesses should make sure that they are not complicit in Human Rights abuses.
Labour	
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4	Businesses should uphold the elimination of all forms of forced and compulsory labour.
5	Businesses should uphold the effective abolition of child labour.
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment	
7	Businesses should support a precautionary approach to environmental challenges.
8	Businesses should undertake initiatives to promote greater environmental responsibility.
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	
10	Businesses should work against corruption in all its forms.

GRI G4 INDEX

This GRI Index table is based on the G4 guidelines of the Global Reporting Initiative (GRI). This index is in accordance with the Core criteria of GRI G4.

G4	General standard disclosure	Page number/response	External assurance
Strategy and analysis			
G4-1	CEO statement	Letter to stakeholders, p. 2 Chapter 1, p. 11; Executive board compliance statement Chapter 4, p. 33; Message from the chairman	No
Organisational profile			
G4-3	Name of the reporting organisation	p. 0; Introduction	No
G4-4	Products and services	Chapter 2, p. 16-17; General market and business profile	No
G4-5	Location headquarters	Chapter 2, p. 16-17; General market and business profile	No
G4-6	Countries of operation	Chapter 2, p. 16-23; Business performance Chapter 5, p. 163-164; Corporate responsibility reporting and assurance scope	Yes
G4-7	Legal form of organisation	p. 0; Introduction	Yes
G4-8	Markets served	Chapter 2, p. 16-23; Business performance	No
G4-9	Scale of organisation	Chapter 2, p. 16-23; Business performance Chapter 5, p. 163; Labour force CR reporting scope	Yes
G4-10	Workforce breakdown	Chapter 5, p. 106 -107; Note 18 (external agency staff) Chapter 5, p. 163; Labour force CR reporting scope Breakdown of workforce per contract type and employment type will be included in the monitoring and reporting tool in 2014. For 2013, 95% of the employees is employed	Yes

G4	General standard disclosure	Page number/response	External assurance
		with a permanent contract (74% full-time and 21% part-time) and 5% with a temporary contract (based on 75% employee coverage).	
G4-11	Collective bargaining agreements	In 2013, 64% of the employees is covered by collective bargaining agreements.	Yes
G4-12	Organisation's supply chain	Chapter 2, p. 16-17; General market and business profile	No
G4-13	Significant changes in size, structure, ownership or supply chain	Chapter 2, p. 16-23; Business performance Chapter 6, p. 168-170; Investor relations and share price performance	Partially
G4-14	Precautionary approach	Chapter 4, p. 62-68; Risk management	No
G4-15	External charters, principles or initiatives	Chapter 3, p. 30; Supply chain and innovation platforms Annex 1, p. 172; Global Compact and GRI G4	Yes
G4-16	Memberships of associations	Chapter 3, p. 30; Supply chain and innovation platforms Annex 1, p. 172; Global Compact and GRI G4	Yes
Identified material aspects and boundaries			
G4-17	Reporting scope	Chapter 5, p. 141-142; Note 41 and 42	Yes
G4-18	Content defining process of the annual report	Chapter 3, p. 25-26; Materiality assessment Previous annual reports, the CR multi-stakeholder survey, feedback from benchmarks and management insights are the basis of defining the 2013 annual report content. Materiality and impact of the aspects are taken into account for the final selection.	Yes
G4-19	Identified material aspects	Chapter 3, p. 25-26; Materiality assessment	Yes
G4-20	Aspect boundary per material aspect within the organisation	Chapter 3, p. 25-26; Materiality assessment Health and safety and environment are given priority on TNT Express' strategic agenda. The health and safety aspect is material within the organisation to ensure a safe working environment for the employees, agency workers and subcontractors.	Yes
G4-21	Aspect boundary per material aspect outside the organisation	Chapter 3, p. 25-26; Materiality assessment Health and safety and environment are given priority on TNT Express' strategic agenda. The health and safety aspect is material outside the organisation due to the emissions (PM10, NOx and CO, as included in Euro norms) of transport activities that have impact on the health of people. The activities on the road can also have a safety impact on third parties in case of road traffic accidents. The environmental aspect (emissions) is material outside the organisation due to the impact of the transport activities with respect to CO_2 emissions and the related climate change.	Yes
G4-22	Restatements	Chapter 5, p. 163-164; Corporate responsibility reporting and assurance scope	Yes
G4-23	Significant changes in scope and aspect boundaries	Chapter 5, p. 163-164; Corporate responsibility reporting and assurance scope	Yes

G4	General standard disclosure	Page number/response	External assurance
Stakeholder engagement			
G4-24	Stakeholder groups	Chapter 3, p. 25-26; Materiality assessment	Yes
G4-25	Basis for identification of stakeholder groups	Chapter 3, p. 25-26; Materiality assessment The identified stakeholder groups are annually evaluated and it is concluded that these groups are most relevant with the highest impact to TNT Express.	Yes
G4-26	Approach to stakeholder engagement	Chapter 3, p. 25-26; Materiality assessment	Yes
G4-27	Key topics and concerns raised by stakeholders	Chapter 3, p. 25-26; Materiality assessment	Yes
Report profile			
G4-28	Reporting period	p. 0; Introduction	Yes
G4-29	Date of previous report	p. 0; Introduction	No
G4-30	Reporting cycle	p. 0; Introduction	Yes
G4-31	Contact point for questions regarding the report	p. 0; Introduction	No
G4-32	The ‘in accordance’ option	Chapter 3, p. 25-26; Materiality assessment	Yes
G4-33	External assurance	Chapter 5, p. 143-146 and 165-166	Partially
Governance			
G4-34	Governance structure	Chapter 4, p. 42; Governance structure	Yes
Ethics and integrity			
G4-56	Organisation’s values, principles, standards and norms of behaviour	Chapter 4, p. 49; Business ethics	Partially

G4	Specific standard disclosure	Page number/response	External assurance
Economic			
Disclosure on Management Approach		Chapter 1, p. 3-10; Report of the Executive Board	
G4-EC1	Direct economic value	Chapter 1, p. 3; Financial highlights Chapter 5, p. 71-74; Consolidated financial statements	Yes
G4-EC2	Financial implications, risks and opportunities due to climate change	Chapter 4, p. 62-68; Risk management	No
G4-EC7	Indirect economic impacts	Chapter 5, p. 161-162; Partnership investments and support	Yes
Environmental			
Disclosure on Management Approach		Chapter 3, p.29-30; Environment	
G4-EN3	Energy consumption within the organisation	Chapter 5, p. 156-159; Notes to the environmental performance	Yes
G4-EN4	Energy consumption outside the organisation	Chapter 5, p. 156-159; Notes to the environmental performance	Yes
G4-EN5	Energy intensity	Chapter 5, p. 156-159; Notes to the environmental performance	Yes
G4-EN15	Direct GHG emissions (Scope 1)	Chapter 5, p. 156-159; Notes to the environmental performance	Yes
G4-EN16	Energy indirect GHG emissions (Scope 2)	Chapter 5, p. 156-159; Notes to the environmental performance	Yes
G4-EN17	Other indirect GHG emissions (Scope 3)	Chapter 5, p. 156-159; Notes to the environmental performance	Yes

G4	Specific standard disclosure	Page number/response	External assurance
G4-EN18	GHG emissions intensity	Chapter 5, p. 156-159; Notes to the environmental performance	Yes
Social			
Disclosure on Management Approach		Chapter 3, p. 27-28; Health and safety Chapter 5, p. 160-162; Notes to the social and engagement performance	
G4-LA1	Employee turnover	Chapter 5, p. 161; Note 16 and 17 The breakdown in age and gender and information about new employees is not included in this annual report because it is not centrally available yet.	Yes
G4-LA6	Accidents and absenteeism	Chapter 5, p. 153-155; Notes to the health and safety performance	Yes
G4-LA9	Training	Chapter 5, p. 161; Note 18	Yes
G4-PR5	Customer satisfaction	Chapter 5, p. 161; Note 19	Yes

ANNEX 2 GLOSSARY AND DEFINITIONS

Air cargo sales
An airport-to-airport air cargo transportation service.

Absenteeism
Total days absence versus potential working days, calculated at year-end.

ADRs
TNT Express N.V. has a sponsored level 1 American Depository Receipts (ADR) programme. The ADRs trade in the over-the-counter marketplace (ticker symbol: TNTEY; CUSIP US87262N1090). An ADR is a negotiable certificate issued by a U.S. bank representing a specified number of shares (or one share) in a foreign stock that is traded on a U.S. exchange.

All training hours
All training hours are the number of hours spent on training by the total of employees on payroll (including social responsibility training hours) during the reporting period (both on-and off-job and both internal and external programmes).

Alternative fuels
Fuels included in the category of alternative fuels are biofuels and CNG (compressed natural gas). Alternative fuels also include hybrid vehicles and electric vehicles.

Biofuels
Biofuel (also called agrofuel) can be broadly defined as solid, liquid, or gas fuel consisting of or derived from biomass. Biofuel consists of CO_2 that has recently been extracted from the atmosphere as a result of growing of plants and trees and therefore does not influence the CO_2 concentration in the atmosphere over a longer period of time. This is in contrast to fossil fuels, such as natural gas or crude oil, which are stored over billions of years so that their combustion and subsequent emissions do influence CO_2 levels in the atmosphere.

Blameworthy road traffic incident
A road traffic incident is defined by TNT Express as a crash or collision involving a TNT Express vehicle. A vehicle incident can also result into an accident to be reported if the employee is also injured or dead. Road traffic incidents are considered blameworthy if a TNT Express driver is at fault. A road traffic incident excludes superficial damage to windscreens or paintwork, damage due to environmental conditions, vandalism, animals and theft.

Blameworthy road traffic fatal accident
A blameworthy road traffic fatal accident is where a TNT Express employee or third party is fatally injured, which means that the employee or third party died because of the accident of any person driving a TNT Express company-owned or operated vehicle. This indicator does not include blameworthy road traffic fatal accidents caused by subcontractors. Accidents that occur in company-owned or leased vehicles during weekends, non-working days or on the way to and from the office are also counted. An accident is considered blameworthy when the TNT Express driver is at fault.

Blocked-space agreement
An agreement in which an airline sells a reservation for aircraft space for a specific period regardless of the freight that requires transport.

Business travel
Business travel refers to all business-related air flights.

Carbon Disclosure Project
The Carbon Disclosure Project is an independent not-for-profit organisation working to drive greenhouse gas emissions reduction and sustainable water use by business and cities. Refer to www.cdproject.net for more information.

Carbon dioxide emissions
Carbon dioxide emissions relate to the gas formed during the combustion of fossil fuel. Carbon dioxide (CO_2) is referred to as a greenhouse gas.

Civil society
As part of the stakeholder dialogue, the civil society cluster includes academic and research institutes, financial and investment service organisations, government agencies, industry associations and international organisations, NGOs and trade unions.

Climate change risks
Risks (and opportunities) posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure for the organisation. Changes in the climate system and weather patterns resulting in more frequent and intense storms, changes in sea level, temperature and water availability, but also impact on workforce due to health effects or the need to relocate operations.

CO_2 efficiency
CO_2 efficiency expresses the efficiency of TNT Express' business in terms of CO_2 emissions, i.e. the CO_2 emitted per service provided, per letter or parcel delivered.

CO_2-neutral
Carbon-neutral is where the net CO_2 equivalent emissions from activities are zero.

Code-share agreement
An agreement in aviation, whereby two or more airlines share the same flight. A transport service can be purchased on one airline but is actually operated by a cooperating airline under a different flight number or code.

Company cars
Company-owned or leased vehicles made at the disposal of an employee for commuting and business travel. This category also includes hired vehicles used for business expansion reasons (not replacement vehicles hired for vehicles under repair).

Corporate governance
The OECD (refer to reference below in this glossary) defines corporate governance as the system by which corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants such as the board, managers, shareholders and other stakeholders, and defines the rules and procedures for making decisions. In doing so, it also provides the structure through which company objectives are set, the means of attaining those objectives and monitoring performance.

Corporate responsibility
Corporate responsibility is the umbrella term for the obligation a company has in considering the social (corporate social responsibility) and environmental (sustainability) impact of its activities and to go beyond this obligation in the treatment of economic, environmental and social activities to sustain its operations, financial performance and ultimately its reputation.

CR Materiality Matrix
The Corporate Responsibility (CR) Materiality Matrix reflects TNT Express' priorities, strengths, opportunities, risks and dilemmas and provides information on the importance and materiality of these areas to stakeholders and to TNT Express. These priorities are categorised in three dimensions: social, environmental and economic.

Customer privacy
Substantiated complaints regarding breaches of customer privacy and losses of customer data.

Customer satisfaction score
Annual worldwide customer satisfaction survey conducted by TNT Express to measure customer satisfaction on all customer touch points and across all customer segments expressed in one overall score distinguishing TNT Express' performance between 'meeting expectations' and 'exceeding expectations' in the reporting period.

Depot
This is the location where transport vehicles load and unload goods, either from collections or for deliveries. In addition to serving as operational platforms, TNT Express' depots also include Sales, Marketing, Finance & Accounting, Customer Service and IT departments.

Dow Jones Sustainability Indexes
Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes to track the financial performance of the leading sustainability-driven companies worldwide. They provide asset managers and other stakeholders with reliable and objective benchmarks for managing sustainability portfolios. Refer to www.sustainability-indexes.com for further information.

Eco-driving
In-house or externally provided training to improve fuel efficiency performance of drivers (for example: cruise-control driving, accelerating, breaking and other activities, such as maintaining good tire pressure).

Employees with a disability
Employees with a disability are employees on payroll whose medical condition is recognised by the relevant authorities as a disability.

Employee engagement
Employee engagement relates to the number of employees (employed by TNT Express for 3 months or more) who stated in the employee engagement survey that they were engaged or more than engaged by TNT Express as an employer.

Employment
As defined by GRI this reflects employee diversity with respect to gender, age group, employee turnover, new employee hires, full time and part time employees including benefit differences, parental leave, etc.

EU ETS
The EU emissions trading system (EU ETS) is the cornerstone of the European Union's policy to combat climate change and aims at reducing greenhouse gas emissions by putting a price on carbon. TNT Express complies with EU ETS through a monitoring plan on TNT Express' emissions and tonne–kilometre data which is verified by an independent and accredited verifier.

European emission standards
Euro 4, Euro 5 and Euro 6 are mandatory European emission standards (EU directives) applicable to new road vehicles sold in the European Union that define levels of vehicular emissions like particular matters (PM), nitrogen oxides (NO_x) and carbon monoxide (CO).

European Union
The European Union consists of the following countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

EVCA
European Private Equity and Venture Capital Association. Refer to www.evca.eu for more information.

Full time equivalents (FTEs)
FTEs are the total number of hours worked by the headcount divided by the local number of contract hours (for example: 40 p/w or 196 p/m).

Gateway
A gateway is a specific dedicated hub that forms the link between TNT Express' air and road operations. Its activities include consolidating or separating shipments, but it does not have a full sorting activity. The gateway is often the international entry and exit point for a country.

Global Reporting Initiative (GRI)
The GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally-applicable sustainability reporting guidelines for voluntary use by organisations that report on the economic, environmental and social dimensions of their business. The GRI incorporates participation of business, accountancy, investment, environmental, human rights and research and labour organisations from around the world. Starting in 1997, the GRI gained independence in 2002, is an official collaborating centre of the United Nations Environment Programme, and works with the United Nations Global Compact. Refer to www.globalreporting.org for more information.

Greenhouse Gas Protocol
The Greenhouse Gas Protocol Initiative (GHG Protocol) was established in 1998 to develop internationally-accepted accounting and reporting standards for greenhouse gas emissions from companies.

Headcount
Headcount is the number of own employees on the payroll in active duty working for fully-consolidated companies.

Hub
A hub is a nodal point in a network, connecting multiple locations together to ensure optimum connectivity. TNT Express' hubs include: central hubs (Liège and Duiven), road transit hubs, air hubs, global transit hubs, country hubs and gateways. Many hubs are characterised by their sorting activity, which handles shipments from many inbound sectors to a number of outbound sectors.

Indirect economic impact
As defined by GRI, this is an additional consequence of the direct impact of financial transactions and the flow of money between an organisation and its stakeholders.

Internal promotion
The number of TNT Express employees appointed to vacancies in management positions at the end of a reporting period. This refers to the number of actual appointments, not the number of FTE positions.

International Organization for Standardization (ISO)
The ISO is a network of national standards institutes from 146 countries working in partnership with international organisations, governments, industry, business and consumer representatives. The ISO is the source of ISO 9000 standards for quality management, ISO 14000 standards for environmental management and other international standards for business, government and society. Refer to www.iso.org for further information.

Investors in People (IiP)
Developed in 1990 by a partnership of leading businesses and national organisations, Investors in People helps organisations to improve performance and realise objectives through the management and development of their staff. Refer to www.investorsinpeople.co.uk for further information.

ISO 9001 (quality management)
The ISO 9000 standards cover an organisation's practices in fulfilling customers' quality requirements and applicable regulatory requirements while aiming to enhance customer satisfaction and achieve continual improvement of its performance in pursuit of these objectives.

ISO 14001 (environmental management)
The ISO 14001 standard is an international standard for controlling environmental aspects and improving environmental performance, minimising harmful effects on the environment and achieving continual improvements in environmental performance.

Key Performance Indicators (KPIs)
KPIs are measurements that focus on achieving outcomes critical to the current and future success of an organisation. These indicators should deal with matters that are linked to the organisation's mission and vision, and are quantified and influenced where possible.

Less than Truck Load (LTL)
LTL carriers collect and consolidate freight from various senders onto enclosed trailers for linehaul to the delivering depot or to a hub/gateway.

Linehaul
In the transport industry, a linehaul refers to the transport movements from and to a hub.

Lost-time accident (LTA)
For the purpose of CR reporting, LTAs are defined as the number of employees that are absent from work as a result of a work related accident for at least one day in the reporting period, excluding the day that the accident occurred.

Management positions by gender
Management positions are defined as the number of females/males employed in management positions or above (i.e. with responsibilities for other employees (including subcontractors) or with budget responsibility).

Market presence
As defined by GRI, this is the contribution of an organisation to the economic well-being of employees. This includes the social licence to operate (e.g. the competitiveness of wages, hiring senior management from local community and diversity).

Network
In the transport industry, a network is the sum of facilities on which consignments are moved. TNT Express' network, which is composed of its depots and hubs, supports the company's standard solutions (core product and services).

Non-blameworthy road traffic incident
A road traffic incident is defined by TNT Express as a crash or collision involving a TNT Express vehicle. A vehicle incident can also result into an accident to be reported if the employee is also injured or dead. Road traffic incidents are considered non-blameworthy if a TNT Express driver is not at fault. A road traffic incident excludes superficial damage to windscreens or paintwork, damage due to environmental conditions, vandalism, animals and theft.

Non-OECD countries
Refer below for the definition of OECD. Non-OECD countries in which TNT Express has operations include Argentina, Bahrain, Brazil, Bulgaria, Cambodia, China, Cyprus, Egypt, Fiji, Hong Kong, India, Indonesia, Jordan, Kenya, Kuwait, Latvia, Lithuania, Malaysia, Namibia, Philippines, Romania, Russia, Saudi Arabia, Singapore, South Africa, Taiwan, Thailand, United Arab Emirates and Vietnam.

NO_x
NO_x (NO and NO_2) refers to nitrogen oxides. Nitrogen oxides are produced during combustion, especially at high temperature.

Organisation for Economic Co-Operation and Development (OECD)
The OECD comprises 34 member countries that share a commitment to democratic government and the market economy. Member countries – sometimes referred to as OECD countries – represent the world's most developed countries. Refer to www.oecd.org for more information.

On-time delivery
Delivery of a consignment within the timeframe set for the service in question.

OHSAS 18001 (occupational health and safety management)
OHSAS 18001 is a standard for occupational health and safety management systems. It is intended to help organisations control occupational health and safety risks and was developed in response to widespread demand for a recognised standard for certification and assessment. OHSAS 18001 was created through collaboration of several of the world's leading national standards bodies, certification organisations and consultancies. Refer to www.ohsas-18001-occupational-health-and-safety.com for more information.

PM
Particulates, alternatively known as particulate matter (PM), fine particles and soot, are tiny subdivisions of solid matter suspended in a gas or liquid. The notation PM is used to describe particles of 10 micrometers or less.

Pick-up Delivery (PUD)
The process that involves all movements from the sender to the collecting depot and from the delivering depot to the receiver.

Road traffic fatal accident
A road traffic fatal accident is one where a TNT Express employee or third-party is fatally injured such that the employee or third-party died because of the accident and where any person driving a company-owned or company-operated vehicle is involved. Road traffic fatal accidents which occur in company owned or leased vehicles during weekends, non-working days or on the way to and from the office are also included. Road traffic fatal accidents with TNT Express employees involved that are still under investigation are reported as non-blameworthy fatal road traffic accidents until proof is provided to the contrary.

Subcontractor road traffic fatal accidents
A subcontractor road traffic fatal accident occurs when a subcontractor or other third party is fatally injured by a person driving a subcontractor-owned or hired vehicle, which is operated on behalf of TNT Express.

Sustainable energy
Sustainable energy is energy from 'green' or 'renewable' sources such as solar, wind, geothermal, biomass, hydroelectric and ocean energy purchased during the reporting period for power and lighting of all company locations (where this can be established from utility suppliers' invoices or other means). It does not include nuclear energy.

Transparency Benchmark

The Transparency benchmark provides the Dutch Ministry of Economic Affairs a transparent view on the way Dutch companies externally report on their CR activities. Refer to www.transparantiebenchmark.nl for further information.

Voluntary turnover

Voluntary turnover is the number of TNT Express employees on permanent contract (full-time or part-time) who resigned from the company of their own free will. This includes all resignations but not redundancies, dismissals, retirement or transfers.

Working hours

The definition of working hours is based on the total number of individually-calculated hours adjusted for overtime, leave or similar deviations.

Workplace fatal accident

The death of a TNT Express employee due to a work-related accident or the death of a third-party, while working at a TNT Express facility.

'Zero-emission' supply chain solutions

The smart, stackable 'zero-emission' supply chain solutions, designed and piloted through TNT Express City Logistics initiative, contribute to cleaner, less congested city centres. The solutions work by eliminating sources of inefficiency from the supply chain (including that of the suppliers and customers) in several ways, such as integrating networks and infrastructure, bundling multiple parcel deliveries or shifting to off peak period. They also reduce CO_2 and pollution by replacing conventional vehicles with 'zero-emission' transport, with the aim of securing crucial access to city centres.

'Zero-emission' last-mile solutions

The 'zero-emission' last-mile solutions such as tricycles or electric small vans contribute to reduce city centre congestion, noise and pollution. Combined with optimised networks and infrastructure, they help to mitigate TNT Express' environmental footprint and improve operational efficiency at city level.