



# ANNUAL REPORT 2014







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## ICONS by category

### DRIVE

-  CAR
-  MOTORCYCLE
-  CAMPER & CARAVAN
-  TRUCK



### SPORT

-  RUNNING
-  CYCLING
-  SWIMMING
-  GOLF

### PRODUCT-RELATED

-  CONNECTED CAR
-  DIGITAL MAP
-  MULTINET-R
-  REAL-TIME TRAFFIC INFORMATION
-  NAVKIT NAVIGATION ENGINE
-  NAVCLOUD
-  CLOUD-BASED PRODUCTS
-  WEBFLEET
-  TELEMATICS APP CENTER
-  FLEET

### FINANCE & STRATEGY

-  ACCOUNTING POLICIES
-  SIGNIFICANT ESTIMATES
-  OUTLOOK
-  STRATEGY

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## FORWARD-LOOKING STATEMENTS/IMPORTANT NOTICE

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom NV (the company) and certain of the plans and objectives of TomTom and its subsidiaries (together with the company referred to as 'the group') with respect to these items. In particular the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'would', 'believe' and similar expressions are intended to identify 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. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on them. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of customer spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, the levels of marketing and promotional expenditures by the group and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the USD and GBP versus the euro can materially affect results), changes in tax rates, future business combinations, acquisitions or disposals, the rate of technological changes, political and military developments in countries where the company operates and the risk of a downturn in the market.

Statements regarding market share, including the company's competitive position, contained in this document are based on outside sources such as specialised research institutes, industry and dealer panels in combination with management estimates. Where full year information regarding 2014 is not yet available to the company, these statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated. The forward-looking statements contained refer only to the date in which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this annual report.

These terms will not apply if the employment of a member of the Management Board is terminated for any reason as set out in Articles 7:677 (1) and 7:678 of the Dutch Civil Code. In such situations, the Management Board member will not be entitled to any severance compensation. A member of the Management Board will not be entitled to severance compensation if the employment is terminated by him or her, or on his or her initiative.

Members of the Supervisory Board are not entitled to any benefits upon the termination of their appointment.

## **SELECTION AND APPOINTMENT COMMITTEE REPORT**

The Selection and Appointment Committee Report describes the main items discussed by the Selection and Appointment Committee (Committee) during the year 2014. Following the retirement of Karel Vuursteen, the Committee appointed Peter Wakkie as the new Chairman of the Committee.

### **Committee meetings**

The Selection and Appointment Committee met four times during the course of 2014, with an overall attendance rate of 100%. Each meeting was also attended by Alain De Taeye, the SVP Group HR and the Company Secretary.

### **Committee activities**

At the beginning of the year the HR strategy within the company was shared with the Committee, and quarterly updates were provided by the SVP Global HR. Topics that were shared in this respect with the Committee were initiatives concerning career development, management and leadership, and compensation and benefits. These initiatives all underpin the company's efforts in the area of talent management, with the aim to attract, retain and develop talent.

The Committee focused on the company's progress on its succession planning for key positions within the company. On a quarterly basis, the Committee was given an update on the recruitment status of vacant key positions in senior management. An annual update was provided on TomTom's Diversity Programme.

The Committee rules were reviewed and discussed and textual changes were made in this respect.

The term of Doug Dunn will expire at the 2015 General Meeting by which time he will have served for ten years on the Supervisory Board. In this respect, the Committee considered the composition of the Supervisory Board and concluded its recommendation to the Supervisory Board to nominate Doug Dunn for reappointment for a term of a further two years, meaning that he will have served twelve years in total. The composition of the Management Board was also discussed.

## **AUDIT COMMITTEE REPORT**

The Audit Committee considers that it has sufficient breadth, depth, industry-relevant knowledge, experience and expertise available to enable it to discharge its duties appropriately. In particular, the Audit Committee considers that the financial skills and experience

that can reasonably be expected of an audit committee in the discharge of its duties were available during the year.

### **Committee meetings**

The Audit Committee met six times during the course of 2014, with an overall attendance rate of 83%. Four meetings were held prior to the publication of the financial results, and the additional meetings were to discuss the impairment review relating to the Financial Statements. All meetings were attended by the CFO and the VP of Business Assurance in full during the year. The other members of the Management Board attended the meetings as required (for instance, where important group risks and internal controls were discussed). The external auditor attended all agenda items relevant to the publication of the quarterly financial results. During the year, the Audit Committee also met with other company employees, such as the CIO, VP of Tax, the General Counsel, and head of Treasury and Group Control.

### **Committee activities**

The Audit Committee assisted the Supervisory Board in overseeing the following areas of the business:

- The integrity of the company's quarterly financial results and related press releases;
- The integrity of the annual report, including the company's accounting and financial reporting policies and processes;
- A more in-depth review of specific accounting topics was performed for revenue recognition, provisions, accrual accounting and valuation of intangible assets, including goodwill;
- The integrity of the company's disclosure controls and procedures;
- Relations with the external auditor, including the scope of their plans, assessment of their independence, approval of their remuneration, and their annual reappointment;
- Review of external auditor management letter and actions taken by management to address the recommendations and observations of the external auditor;
- The role and functioning of the Internal Audit department (part of the Business Assurance team that coordinates oversight of the company's business risk management);
- The maintenance of an effective system of risk management and internal control relating to strategic, financial, operational and compliance risks;
- Compliance with the recommendations and observations of the internal auditor;
- The company's approach to financing, cash and foreign exchange management;
- The application of information and communication technology (ICT);
- The company's policy on tax planning and compliance;
- The company's approach to business conduct and ethics, as well as its approach to protecting and securing key company assets; and
- The tender of the external auditor, please refer to the section on Ernst & Young below.

In April 2014, the Audit Committee reviewed and updated the Audit Committee Charter. The Audit Committee Charter is available on the [TomTom website](#).