2021 ANNUAL REPORT

Deep impact when it matters most

Wolters Kluwer

When you have to be right

Every second of every day, our customers face decisive moments that impact the lives of millions of people and shape society for the future.

→ **Read more about Product Impact on** page 40

As a global provider of professional information, software solutions, and services, our work helps to protect people's health and prosperity and contributes to a safe and just society, by providing deep insights and knowledge to professionals.

→ **Read more about our business model and strategy on** page 6

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2021 FINANCIAL HIGHLIGHTS

€4.8bn
total revenues

92%
of revenues from digital products and services

80%
of revenues is recurring

25.3%
adjusted operating profit margin

€3.38
diluted adjusted earnings per share

13.7%
return on invested capital

This copy of the annual report of Wolters Kluwer N.V. for the year 2021 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package can be found on our website *www.wolterskluwer.com/en/investors/financials/annual-reports.*

Wolters Kluwer at a Glance

We help our customers make critical decisions every day by providing *expert solutions* that combine deep domain knowledge with specialized technology and services.

AREAS OF EXPERTISE

We deliver professional information, software, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors.

HEALTH

Trusted clinical technology and evidence-based solutions that drive effective decision-making and outcomes across the continuum of healthcare.

→ **Read more about Health on** page 16

TAX & ACCOUNTING

Expert solutions that help tax, accounting and audit professionals drive productivity, navigate change, and deliver better outcomes, helping them to grow, manage, and protect their businesses and their clients' businesses.

→ **Read more about Tax & Accounting on** page 18

GOVERNANCE, RISK & COMPLIANCE

Expert services and solutions for legal entity compliance, legal operations management, banking product compliance, regulatory reporting, and risk management.

→ **Read more about Governance, Risk & Compliance on** page 22

LEGAL & REGULATORY

Evidence-based information, actionable insights, and integrated workflow solutions enabling professionals to adhere to ever-changing regulatory obligations, manage risk, increase efficiency, and produce better outcomes.

→ **Read more about Legal & Regulatory on** page 26

SUSTAINABILITY HIGHLIGHTS 2021

10%
of revenues invested in innovation and product development

72
belonging score, measure of employee diversity, equity, and inclusion

46%
of employees are female

99%
of active employees completed 2021 ethics, data privacy, and security training

FINANCIAL HIGHLIGHTS 2021

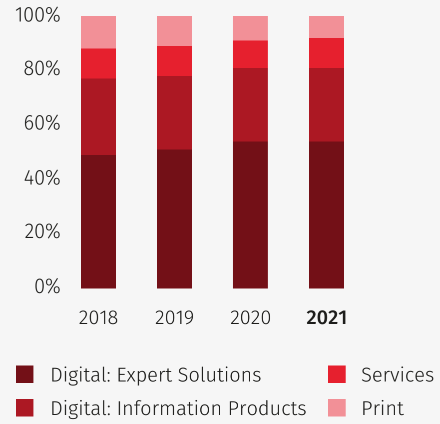
5.7%
organic growth in revenues

55%
of revenues from *expert solutions*

€1.0bn
adjusted free cash flow

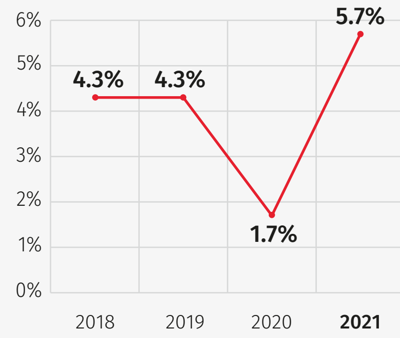
52%
total shareholder return (dividends not reinvested)

Revenues by media format

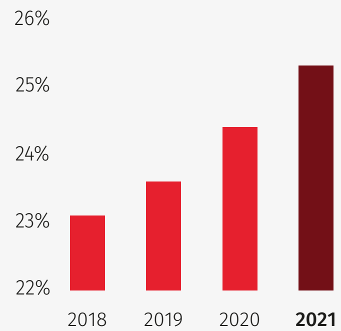


Revenues by type

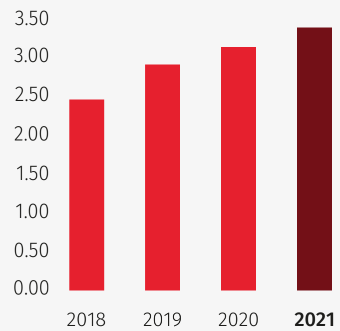
Organic revenue growth



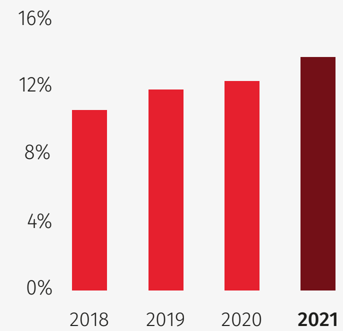
Adjusted operating profit margin



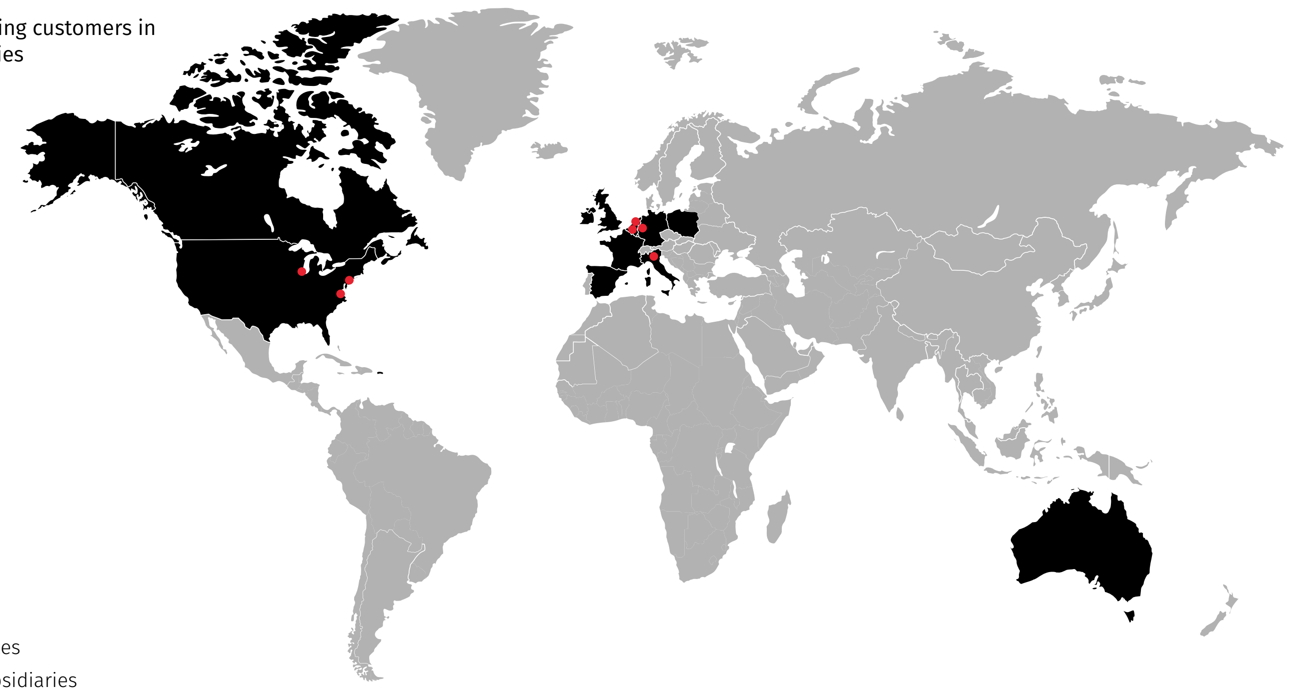
Diluted adjusted EPS



Return on invested capital



19,800
employees serving customers in over 180 countries



• 7 flagship offices
■ significant subsidiaries

Q&A with Nancy McKinstry

Every day our customers face decisive moments that impact the lives of millions of people and shape society for the future. In these crucial moments we put sound knowledge, deep expertise, and usable insight into their hands.

Q How would you summarize 2021 for Wolters Kluwer?

It was the final year of our 2019-2021 strategic plan, and despite the many challenges created by the pandemic over the past two years, we made significant progress last year on the priorities we had set out for that plan. *Expert solutions*, which are sophisticated workflow and software solutions that support professionals' decision-making and enhance outcomes and productivity, grew 6% organically. Our digital information products and most of our expert services also performed well.

The financial results benefitted from a sharp rebound in non-recurring revenues, but the real highlight for me was the improved organic momentum in recurring revenues. Recurring revenues account for 80% of our total revenues and represent the strategic heart of our company. We also met or exceeded most of the environmental, social, and governance (ESG) goals we set for 2021. Significant attention was again paid to the well-being of our employees and I'm thankful for their never-ending dedication to the business and our customers. Employee engagement was kept above the high-performing norm – a major achievement given the impact the pandemic is having on all of our daily lives.

Q Did you achieve the goals that you set out in your 2019-2021 plan?

The strong recovery in 2021 helped us reach most of our three-year financial goals as we pursued our strategic priorities. *Expert solutions* grew from 49% of total revenues in 2018 to 55% in 2021. This was largely due to their above-average organic growth rate, but also the result of a few portfolio changes we made: selected software acquisitions and non-core divestments. The second main goal of the past few years was to enrich our information-centric products with advanced technologies. This was the most difficult part of our strategy, and it's a little early to claim complete success, but I am encouraged by customers' responses to some of our recently launched innovations. One example is Ovid Synthesis, our new cloud-based solution that streamlines the workflow of medical researchers, enabling them to manage projects in one place and ensure that clinical practice improvements are based on the latest medical evidence. Our third priority was to drive operational agility. The pandemic proved that we have come a very long way. I attribute that to the investments we made in infrastructure and systems over many years, which made the transition to work from home almost seamless for us. As part of the recent plan, we completed several major internal projects that help drive agility, such as the implementation of a new global HR platform and the consolidation of our many websites into a single global site.

Q Your new three-year strategy for 2022-2024 appears to carry forward many aspects of the previous plan. What is new?

The new strategy, *Elevate Our Value*, is a refinement of the recent plan. Growing our *expert solutions* remains our top priority. We believe that the transition to cloud and digitization of workflows, accelerated during the pandemic, will continue, and this plan aims to capitalize on those trends. The second goal will be to expand our reach into adjacencies along our customers' workflows and to reposition certain products for new market segments. The third priority for the coming years relates to our own operations: we want to do more to strengthen central functions, such as our go-to-market capabilities and technology, to support our business units in driving growth.

Q In your new strategy, you include advancing Environmental, Social, and Governance: could you elaborate on your intentions here?

We are proud of our sustainability accomplishments, but we know there is scope for improvement. The ESG factors that are critical to the long-term sustainability of our business, such as product innovation, customer relationships, cybersecurity, data privacy, and talent management, have long received management's attention and consistent investment, and that will continue.

In the next three years, we want to move forward in a few key areas. On the social front, we are widely recognized for achieving gender diversity, especially at senior levels of management. We intend to build on that success by cultivating diversity more broadly. To be able to measure and manage this and set targets, we established a baseline quantitative score for belonging in 2021. Belonging measures the extent to which employees believe they can bring their authentic selves to work and be accepted for who they are. Our belonging score is in line with the average for global companies, but we want to improve it. A target for this measure has now been incorporated into 2022 remuneration for the Executive Board and all executives globally, and we have developed specific action plans to drive progress.

On the environmental front, while we are not a carbon-intensive business, we want to play our part. We have been reporting direct emissions for many years, but want to improve the robustness of our data and processes and extend this effort to quantify emissions along the value chain. We are making a commitment to start aligning our reporting with the recommendations of the Task Force for Climate-related Financial Disclosures and to develop science-based targets.

Q What should we expect from Wolters Kluwer in coming years?

I am looking forward to 2022 and beyond. Our new plan should deliver good organic growth and improvement in margins and returns, while at the same time advancing sustainability. It is exciting to see the progress being made in professional markets thanks to the application of advanced technologies. With our engaged, talented, and diverse team of domain experts and technologists, we are well-positioned to support our customers as they automate their workflows to improve decisions and outcomes.

Nancy McKinstry

Nancy McKinstry
CEO and Chair of the Executive Board
Wolters Kluwer

GROWTH IN EXPERT SOLUTIONS

6%

organic growth

GROWTH IN CLOUD SOFTWARE

17%

organic growth

HIGH EMPLOYEE ENGAGEMENT

74%

1%-point above the high-performing norm

→ **Read more about employee engagement and talent management on** page 42

> Employee engagement was kept above the high-performing norm – a major achievement given the impact the pandemic is having on all of our daily lives.
>
> **Nancy McKinstry**

Business Model and Strategy

Our mission is to empower our professional customers with the information, software solutions, and services they need to make critical decisions, achieve successful outcomes, and save time.

We support professionals across four main customer segments: health; tax & accounting; governance, risk & compliance; and legal & regulatory. Every day, our customers face the challenge of increasing proliferation and complexity of information and the pressure to deliver better outcomes at a lower cost. Many of our customers are looking for mobility, flexibility, intuitive interfaces, and integrated open architecture technology to support their decision-making. We aim to solve their problems and add value to their workflow with our range of digital solutions and services, which we continuously evolve to meet their changing needs.

Our *expert solutions* combine deep domain knowledge with technology to deliver both content and workflow automation to drive improved outcomes and productivity for our customers. *Expert solutions*, which include nearly all of our software products and certain advanced information solutions, accounted for 55% of total revenues in 2021. Based on revenues, our largest *expert solutions* by division are:

- **Health:** clinical decision support tool UpToDate; clinical drug databases Medi-Span and Lexicomp; and Lippincott nursing solutions for practice and learning.
- **Tax & Accounting:** corporate performance solution CCH Tagetik; corporate internal audit platform TeamMate; professional tax and accounting software, including CCH ProSystem fx and CCH Axcess in North America and similar software for professionals across Europe.
- **Governance, Risk & Compliance:** finance, risk, and regulatory reporting suite OneSumX; banking compliance solutions ComplianceOne, Expere, eOriginal, and Gainskeeper; and enterprise legal management software Passport and TyMetrix.
- **Legal & Regulatory:** Environmental, Health & Safety/Operation Risk Management (EHS/ORM)[1] suite Enablon; and our range of workflow solutions for European legal professionals, including Kleos and Legisway.

Business model

Our business model is primarily based on subscriptions, software maintenance, and other recurring revenues (80% of total revenues in 2021), augmented by implementation services and license fees as well as volume-based transactional or other non-recurring revenues. Renewal rates for our recurring digital information, software, and services revenues are high and are one of the key indicators by which we measure our success. Product innovation is a key driver of growth. For the past eighteen years, we have been re-investing 8% to 10% of our revenues each year (including capital expenditures) in developing new and enhanced products and their supporting technology platforms.

More than half of our operating costs relate to our employees, who create, develop and maintain, sell, implement, and support our solutions. Our technology architecture is increasingly based on globally scalable platforms that use standardized components. An increasing proportion of our solutions is built cloud-first. Many of our solutions incorporate advanced technologies, such as artificial intelligence, natural language processing, robotic process automation, and predictive analytics. Our development teams use customer-centric, contextual design and develop solutions based on the scaled agile framework. Our solutions are sold by our own sales teams or through selected distribution partners.

Strategy

The foundation laid over the past many years has driven improved organic growth and operating margins and helped us navigate the challenge of the global pandemic. While we were briefly diverted from our financial trajectory in 2020 due to the pandemic, the recovery seen in 2021 allowed us to meet nearly all of the financial goals set for the most recent strategic plan (2019-2021). We grew *expert solutions* from 49% of total revenues in 2018 to 55% of total revenues in 2021, primarily through organic growth. The acquisitions of CGE, XCM, Vanguard, and eOriginal, and the divestment of several non-core assets also helped increase our focus on *expert solutions*. We made progress on enriching several of our information products and are now starting to launch the early results of that effort. We also made progress on our third goal, which was to drive operational agility, by completing several major internal projects, such as the introduction of a modernized global HR system in 2019, the consolidation of 280 customer-facing websites into a single global site in 2021, and the implementation of CCH Tagetik as our new corporate performance management tool in 2021.

Strategic priorities 2022-2024

In the past two years, we have seen key market trends accelerate: increased digitization of professional and corporate workflows; accelerated transition to cloud-based solutions; and growing importance of ecosystems. In response, we have refined our strategy for the next three years. The three strategic priorities for 2022-2024 are:

Accelerate Expert Solutions: we intend to focus our investments on cloud-based *expert solutions* while continuing to transform selected digital information products into *expert solutions*. We will invest to enrich the customer experience of our products by leveraging advanced data analytics.

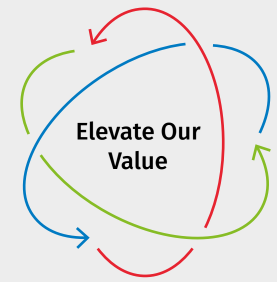
[1] Throughout this document, EHS/ORM refers to environmental, health & safety and operational risk management.

55%

of 2021 revenues from *expert solutions*

STRATEGY 2022-2024

We have refined our strategy for the next three years. This strategy should support good organic growth and enhanced operating margins and return on invested capital over the coming three years. The priorities for 2022-2024 are:



Accelerate
Expert Solutions

- Drive investment in cloud-based *expert solutions*
- Transform digital information products into *expert solutions*
- Enrich customer experience leveraging data analytics

Expand
Our Reach

- Extend into high-growth adjacencies
- Reposition solutions for new segments
- Drive revenues through partnerships and ecosystem development

Evolve
Core Capabilities

- Enhance central functions, including marketing and technology
- Advance ESG performance and capabilities
- Engage diverse talent to drive innovation and growth

Expand Our Reach: we will seek to extend into high-growth adjacencies along our customer workflows and adapt our existing products for new customer segments. We plan to further develop partnerships and ecosystems for our key software platforms.

Evolve Core Capabilities: we intend to enhance our central functions to drive excellence and scale economies in sales and marketing (go-to-market) and in technology. We plan to advance our environmental, social, and governance (ESG) performance and capabilities and to continue investing in diverse and engaged talent to support innovation and growth.

We expect this strategy to support good organic growth and improved margins and returns over the coming three years. While the strategy remains centered on organic growth, we may make selected acquisitions and non-core disposals to enhance our value and market positions. Acquisitions must fit our strategy, strengthen or extend our existing business, be accretive to diluted adjusted EPS in their first full year, and, when integrated, deliver a return on invested capital above our weighted average cost of capital (8%) within three to five years. We expect that group-wide product development spend will remain at approximately 10% of total revenues in the next three years. Our strategy aims to achieve high levels of customer satisfaction and an engaged, talented, and diverse workforce, to maintain strong corporate governance and secure systems, and to drive efficient operations that meet environmentally-sound practices.

2022 Full-Year Outlook

Our specific guidance for FY2022 adjusted operating profit margin, adjusted free cash flow, return on invested capital (ROIC), and diluted adjusted EPS is provided below. We expect good organic growth, albeit slower than in 2021 due to challenging comparables starting in the second quarter. We expect the adjusted operating profit margin to ease in the first half but to rise for the full year 2022. We expect growth in diluted adjusted EPS to be dampened by a return to our historical tax rate.

performance indicators	2022 Guidance	2021
Adjusted operating profit margin (%)	25.5-26.0	25.3
Adjusted free cash flow (€ million)	1,025-1,075	1,010
ROIC (%)	Around 14.0	13.7
Diluted adjusted EPS (€)	Mid-single-digit growth	3.38

Guidance for adjusted operating profit margin and ROIC is in reported currencies and assumes an average EUR/USD rate in 2022 of €/$ 1.13. Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/$ 1.18). Guidance reflects share repurchases for up to €600 million in 2022.

If current exchange rates persist, the U.S. dollar rate will have a positive effect on 2022 results reported in euros. In 2021, Wolters Kluwer generated more than 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2021 currency profile, each 1 U.S. cent move in the average €/$ exchange rate for the year causes an opposite change of approximately 2 euro cents in diluted adjusted EPS[1].

We include restructuring costs in adjusted operating profit. We currently expect that restructuring costs will increase to our normal range of €10-€15 million (2021: €6 million). We expect adjusted net financing costs of approximately €65 million in constant currencies, including lease interest charges[2].
We expect the benchmark tax rate on adjusted pre-tax profits to increase to approximately 23.0%-24.0% (2021: 21.5%). Capital expenditure is expected to be within our normal range of 5.0%-6.0% of total revenues (2021: 5.0%).

We expect the full-year cash conversion ratio to be in the range of 100%-105% (2021: 112%)[3].

Any guidance we provide assumes no additional significant change to the scope of operations. We may make further acquisitions or disposals which can be dilutive to margins and earnings in the near term.

2022 Outlook by division

Health
We expect organic growth to slow from 2021 levels, mainly due to the absence of a contract win of the size of the ASCO titles. We expect the adjusted operating profit margin to improve modestly.

Tax & Accounting
We expect organic growth to improve slightly from 2021 levels and the adjusted operating profit margin to improve.

Governance, Risk & Compliance
We expect organic growth to slow from 2021 levels, due to slower growth in transactional revenues. We expect the adjusted operating profit margin to improve.

Legal & Regulatory
We expect organic growth to be in line with 2021. The adjusted operating profit margin is expected to decline due to the absence of the one-off pension plan amendment gain recorded in 2021.

CASE STUDY: CCH AXCESS CUSTOMER SHARES THE BENEFITS OF MOVING TO THE CLOUD

We often raise the value and importance of the cloud through platforms like CCH Axcess, but the impact of the cloud really comes to life when seen through the eyes of a customer. Lepper & Company, LLC, a tax, accounting, and payroll firm, has been a valued user of CCH Axcess for many years, and owners Martin and Julie Lepper got the scare of their lives when they suffered a fire in their office in Pinckney, Michigan, on a Friday evening in July 2021.

After making sure all of their staff were safe, Martin and Julie shifted to thinking about their clients and business continuity. “As we walked through the wreckage, we both felt immediate relief that we had strong business continuity plans. Those plans were based on all of the mission-critical data and applications living on the cloud. Particularly for small and mid-sized firms, it’s not a question of can we afford to move, but can we afford *not* to move to the cloud?”.

Despite the total loss of one of their offices reduced to rubble, the services they provide to their clients, some of whom were also impacted by the building fire, did not skip a beat. “That is the real-world value and power of the cloud and a cloud platform like CCH Axcess. The next Monday we could open from our other office and were fully operational.”

> Wolters Kluwer really helped us, and our customers, when it mattered most.

Martin and Julie Lepper, Lepper & Company, LLC

[1] This rule of thumb excludes the impact of exchange rate movements on intercompany balances, which is accounted for in adjusted net financing costs in reported currencies and determined based on period-end spot rates and balances.
[2] Guidance for adjusted net financing costs in constant currencies excludes the impact of exchange rate movements on currency hedging and intercompany balances.
[3] Cash repayments of lease liabilities are expected to be in line with depreciation of right-of-use assets (2021: €71 million).

Stakeholders and Value Creation

Wolters Kluwer maintains regular contact with a range of stakeholders, including customers, employees, suppliers and partners, investors, financial and ESG analysts, ratings agencies, government bodies, the media, civil society organizations (CSOs), and educational and research institutions. We are a strategic partner or member in industry associations and advocacy organizations, such as the Healthcare Information Management Systems Society, International Society of Pharmacoeconomics and Outcomes Research, Accounting Blockchain Coalition, Institute of Internal Auditors, Mortgage Bankers Association, American Financial Services Association, European Company Lawyers Association, International Legal Technology Association, American Bankers Association, and European Risk Management Council.

Key stakeholders	*How we engage*	*How we measure*	*How we create value*
CUSTOMERS	Year-round dialogue through sales, marketing, and customer service teams; customer collaboration on product development	Net promoter scores; customer satisfaction scores; customer and product renewal rates; market share studies; product development spending	Impact when it matters most: our professional information, software and services provide insights and workflow automation to customers to support their critical decision-making
EMPLOYEES	Regular engagement at all levels, including one-on-one, group and townhall meetings; check-ins and performance meetings; surveys; SpeakUp line; Global Innovation Awards, Code Games, and other employee awards and events; works council engagement	Employee turnover rates; employee engagement and belonging scores; training sessions attended	Providing attractive employment and career opportunities; developing skills, talent and experience; promoting diversity, equity, inclusion, and belonging
SUPPLIERS & PARTNERS	Regular quality screening, audits and due diligence; collaboration	Procurement process and due diligence questionnaires; certification programs; and commitment to standards in Supplier Code of Conduct	Creating mutually beneficial economic value for our suppliers and partners
INVESTORS	Year-round dialogue through a global program of investor relations events and meetings; regular engagement with analysts; Annual General Meeting of Shareholders	Financial KPIs, incl. organic growth, adjusted operating profit margin, adjusted free cash flow, and ROIC; ESG KPIs, incl. employee engagement, cybersecurity maturity, ESG ratings	Generating Total Shareholder Return (TSR) for shareholders through share price appreciation and dividends; risk-adjusted financial returns for creditors
SOCIETY	Various programs in support of our communities around the world	Tracking of charitable contributions	Our employees donate their time and talents to community projects; our work helps protect people's health and prosperity, and contributes to a safe and just society; we provide attractive jobs, pay taxes, and set high standards

Value Creation Model

We aim to create long-term value for all of our major stakeholders and for society, by using resources thoughtfully and efficiently, respecting our company values, and focusing those resources on actions that support our purpose and our strategy.

OUR RESOURCES

HUMAN TALENT
- Efforts and skills of 19,800 employees

FINANCIAL CAPITAL
- €2.4bn equity
- €3.1bn gross debt

TECHNOLOGY & INTELLECTUAL PROPERTY
- Global brand
- Software and content IP

SUPPLIERS & PARTNERS
- Actively selected and managed suppliers

NATURAL RESOURCES
- Energy and water consumption along our value chain

THE WAY WE DO BUSINESS

Focus on customer success | **Make it better** | **Aim high and deliver** | **Win as a team**

Accelerate Expert Solutions

Expand Our Reach

Evolve Core Capabilities

Elevate Our Value

- Strong Customer Retention
- Sustained Investment in Innovation
- Disciplined Capital Allocation
- Talented, Engaged, and Diverse Employees
- Respect for Society and Environment
- Strong Brands
- Agile and Secure Operations
- Good Governance

OUR IMPACT

CUSTOMERS
- €4.8bn revenues in professional information, software solutions, and services
- Enabling efficient, effective, and accurate decision-making
- 80% recurring revenues

EMPLOYEES
- €2.0bn in personnel salaries, wages, and other benefits
- Developing skills, talent, and careers
- Promoting diversity, equity, inclusion, and belonging

SUPPLIERS & PARTNERS
- €1.5bn spent on third-party content and services
- High standards

INVESTORS
- Total shareholder return 52% in 2021
- €57m net interest paid to financial credit institutions

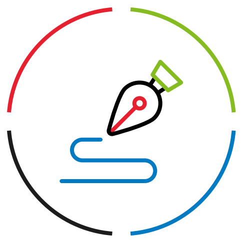
SOCIETY
- €277m income tax paid
- Community efforts
- Our products help protect people's health and prosperity, and contribute to a safe and just society

UN Sustainable Development Goals

Organizational Structure and Executive Team

EXECUTIVE BOARD & CORPORATE OFFICE



HEALTH
- Clinical Solutions
- Learning, Research & Practice

TAX & ACCOUNTING
- Corporate Performance Solutions
- Professional Tax & Accounting

GOVERNANCE, RISK & COMPLIANCE
- Legal Services
- Financial Services

LEGAL & REGULATORY
- EHS/ORM & Legal Software
- Legal Information Solutions

GLOBAL GROWTH MARKETS
- China, India, and Brazil
- Global *expert solutions*
- Local market knowledge

DIGITAL EXPERIENCE GROUP
- Innovation and product development
- Development centers of excellence
- Technology assets management

GLOBAL BUSINESS SERVICES
- Technology infrastructure
- Operational excellence programs
- Procurement and shared services

HEALTH
Stacey Caywood *CEO*

We provide trusted clinical technology and evidence-based solutions that engage clinicians, patients, researchers, students, and the next generation of healthcare providers. With a focus on clinical effectiveness, research and learning, clinical surveillance and compliance, as well as data solutions, our proven solutions drive effective decision-making and consistent outcomes across the continuum of care.

Customers span a broad scope of hospitals and healthcare organizations, individual students and clinicians, nursing and medical schools and libraries, payers, life sciences, and retail pharmacies.

Portfolio includes AudioDigest, Emmi, Health Language, Lexicomp, Lippincott, Medi-Span, Ovid, POC Advisor, Sentri7, Simplifi 797, SoleSource, UpToDate, and UpToDate Advanced.

TAX & ACCOUNTING
Karen Abramson *CEO*

We enable professionals in tax and accounting firms, governing authorities, and businesses of all sizes to grow, manage, and protect their business and their clients' businesses. *Expert solutions* – in compliance, collaboration, internal and external audit management, corporate performance management, and firm management – integrate deep domain knowledge with workflows to ensure compliance, improved productivity, effective management, and strengthened client relationships.

Customers include accounting firms, corporate finance, tax and auditing departments, government agencies, libraries, and universities.

Portfolio includes A3 Software, ADDISON, ATX, CCH, CCH AnswerConnect, CCH Axcess, CCH Axcess iQ, CCH Axcess Validate, CCH Axcess Workflow, CCH iFirm, CCH Integrator, CCH ProSystem fx, CCH OneClick, CCH PinPoint, CCH Tagetik, Genya, PFX Engagement, TeamMate, and Twinfield.

GOVERNANCE, RISK & COMPLIANCE
Richard Flynn *CEO*

We provide legal and banking professionals with solutions to ensure compliance with ever-changing global regulatory and legal obligations, manage risk, increase efficiency, and produce better business outcomes. The portfolio offers technology-enabled expert services and solutions focused on legal entity compliance, legal operations management, banking product compliance, and banking regulatory compliance.

Customers include corporations, small businesses, law firms, corporate legal departments, insurers, compliance professionals, risk managers, and financial institutions – including banks, non-bank lenders, credit unions, and leasing and securities firms.

Portfolio includes CASH Suite, CLM Matrix, ComplianceOne, CT Corporation, eOriginal, Expere, GainsKeeper, LegalVIEW BillAnalyzer, Lien Solutions, OneSumX, Passport, TSoftPlus, TyMetrix 360°, and Vanceo.

LEGAL & REGULATORY
Martin O'Malley *CEO*

We enable legal and compliance professionals and environmental, health & safety and operational risk managers to improve productivity and performance, mitigate risk, and solve complex problems with confidence. With expert information, enriched with advanced technologies, we help professionals thrive in the complex and changing areas of legal and regulatory compliance.

Customers include law firms, corporate legal departments, corporations, environmental, health, and safety (EHS) professionals, operational risk managers, universities, and government agencies.

Portfolio includes CaseWorx, CGE, Enablon, InView, Iter, Jogtár, Jura, Kleos, Legal Intelligence, Legal Monitoring, Legisway, LEX, Navigator, NotaioNext, ONE, Progman, RBSource, Schulinck, Simpledo, VitalLaw, and Wolters Kluwer Online.

GLOBAL GROWTH MARKETS
Cathy Wolfe *EVP*

Global Growth Markets (GGM) is responsible for developing the company's strategic presence in fast-growing geographies, particularly China, India, and Brazil. GGM's mission is to apply local market knowledge to service professionals with global *expert solutions*.

DIGITAL EXPERIENCE GROUP
Dennis Cahill *CTO*

The Digital eXperience Group (DXG) creates state-of-the-art digital and software solutions in close collaboration with our business units around the world. The DXG mission is to accelerate innovation and leverage our technology investments. The group drives innovation through three centers of excellence, which focus on User/Customer Experience, Artificial Intelligence, and Advanced Platform Services.

GLOBAL BUSINESS SERVICES
Andres Sadler *CEO*

Global Business Services (GBS) is responsible for driving and enhancing the quality, performance, and transformation of our internal technology infrastructure, including IT operations, workplace technologies, cybersecurity, IT architecture, engineering services, network, and enterprise systems. GBS supports the company's digital transformation across technology, accounting, strategic sourcing, procurement, operational excellence, collaboration services, analytics, and events.

CORPORATE OFFICE

The Corporate Office sets the global strategic direction for the company and ensures good corporate governance. Its mission is to support and provide an enabling business and operating environment, to help realize our strategy to deliver impact to our customers, employees, investors, and society at large.

Full list of management
www.wolterskluwer.com/en/about-us/management

Health

IMPACT-DRIVEN INNOVATIVE HEALTHCARE SOLUTIONS

Trusted clinical technology and evidence-based solutions that drive effective decision-making and improved outcomes across healthcare.

We harness artificial intelligence and leading digital technologies so clinicians can make better decisions, patients can stay connected to care teams, and lives can be saved.

See our Health overview
www.wolterskluwer.com/en/health

Health

Our teams have equipped clinicians around the world with trusted evidence-based content to deliver the best care for patients everywhere.

Stacey Caywood, CEO Health

DIVISIONAL AWARDS 2021

- Frost & Sullivan 2021 North American Company of the Year Award for Clinical Decision-Support (six products).
- Lippincott nursing journals win Crystal Clarion Award 2021.

REVIEW OF 2021 PERFORMANCE

- Clinical Solutions revenues grew 8% organically, led by UpToDate.
- Learning, Research & Practice revenues were lifted by a new journal contract.
- Margin increase reflects operational gearing, cost savings, and lower restructuring charges.

Wolters Kluwer Health revenues increased 7% in constant currencies and 7% organically (2020: 3%). Adjusted operating profit increased 9% in constant currencies, mainly reflecting operational gearing and lower restructuring charges. The decrease in operating profit reflects impairments of acquired identifiable intangible assets, mainly related to continuing education unit Learner's Digest.

Clinical Solutions (53% of divisional revenues) achieved 8% organic revenue growth (2020: 6%), with strong performances in all main geographic regions. In clinical decision support, UpToDate delivered high single-digit organic growth driven by subscription renewals. Our clinical drug databases, Medi-Span and Lexicomp, drove high single-digit organic growth, benefitting from international customer wins and higher usage. With U.S. hospitals and healthcare professionals under pressure from the pandemic for most of the year, our smaller clinical solutions products posted weaker results.

Health Learning, Research & Practice (47% of divisional revenues) recorded 6% organic growth (2020: 0%), in large part due to the ASCO journal publishing contract added at the start of the year. The unit also benefitted from a rebound in print book revenues, as distributors and book retailers restocked in preparation of the re-opening of medical and nursing schools. Print book revenues grew 4% organically (compared to 39% decline in 2020). Our medical research platform, Ovid, recorded good organic growth driven by subscription renewals. In January 2022, the medical research unit launched Ovid Synthesis Clinical Evidence Manager, a workflow solution that enables efficient implementation of new evidence into practice. Our digital *expert solutions* for nursing practice and education, such as Lippincott CoursePoint+ and vSim, delivered another year of double-digit organic growth. In continuing medical education, Learner's Digest revenues were weak.

Our customers

Solutions for hospitals, clinics, and other healthcare providers, individual clinicians and students, nursing and medical schools and libraries, retail pharmacies, payers, and life sciences organizations.

Top products

Clinical Solutions: UpToDate, Lexicomp, Medi-Span, Emmi, Sentri7, Simplifi, Health Language

Learning, Research & Practice: Ovid, Lippincott Williams & Wilkins books and journals, Lippincott digital nursing solutions, Audio Digest

Complete list of Solutions
www.wolterskluwer.com/en/health/our-solutions

Health – Year ended December 31

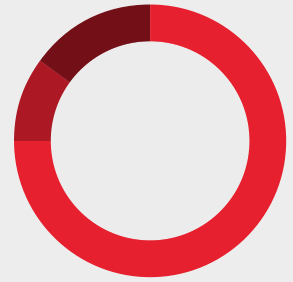
€ million, unless otherwise stated	2021	2020	Δ	Δ CC	Δ OG
Revenues	1,234	1,193	+3%	+7%	+7%
Adjusted operating profit	360	343	+5%	+9%	+9%
Adjusted operating profit margin	29.2%	28.7%			
Operating profit	302	307	-2%		
Net capital expenditure	33	32			
Ultimo FTEs	2,913	2,824			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

MARKET TRENDS

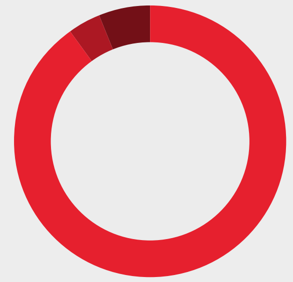
- Rise of virtual care and telemedicine
- Consumerization of healthcare
- Demand for solutions to alleviate pressure on hospitals and staff
- Demand for nursing and medical education

2021 Revenues by geographic market



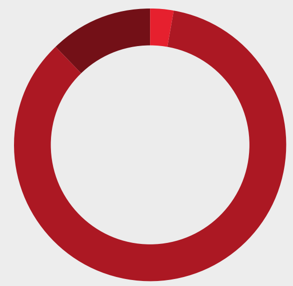
- North America **75%**
- Europe **10%**
- Asia Pacific & ROW **15%**

2021 Revenues by type



- Recurring **90%**
- Print books **4%**
- Other non-recurring **6%**

2021 Revenues by media format



- Software **3%**
- Other digital **85%**
- Print **12%**

Tax & Accounting

OPTIMIZE TAX, ACCOUNTING & AUDIT PROCESSES

Expert solutions that integrate domain knowledge with workflows to ensure compliance, improve productivity, and strengthen client relationships.

We enable professionals in tax and accounting firms, governing authorities, and businesses of all sizes to grow, manage, and protect their business and their clients' businesses.

See our Tax & Accounting overview
www.wolterskluwer.com/en/tax-and-accounting

Tax & Accounting

The pandemic has accelerated many of the trends we were seeing in our markets, particularly our customers' transition to the cloud.

Karen Abramson, CEO Tax & Accounting

DIVISIONAL AWARDS 2021

- CCH Tagetik Predictive Intelligence wins 2021 Business Intelligence Group Innovation Award.
- TeamMate+ Agile Audit solution wins Gold Globee for Audit Innovation.

REVIEW OF 2021 PERFORMANCE

- Corporate Performance Solutions grew 10% organically, led by CCH Tagetik.
- Professional Tax & Accounting grew 5% organically, supported by North America and Europe.
- Margin decline reflects increased spending and investment to support growth.

Wolters Kluwer Tax & Accounting revenues grew 7% in constant currencies, with the effect of acquisitions (XCM Solutions in September 2020 and Vanguard Software in May 2021) partly offset by the deconsolidation of certain Brazilian assets in June 2021. Organic growth recovered to 6% (2020: 2%). Adjusted operating profit rose 2% in constant currencies, as operational gearing and lower restructuring were offset by increased investment in cloud software solutions across the division. Operating profit mainly reflects a foreign exchange loss related to the divestment of our Brazilian assets.

Corporate Performance Solutions (16% of divisional revenues) delivered 10% organic growth (2020: 8%). Both CCH Tagetik and TeamMate were buoyed by continued strong demand for the cloud versions of their software suites. Financial performance management platform, CCH Tagetik, grew 14% organically, driven by upgrades by existing customers, new customer wins, and a recovery in software implementation services. Vanguard Software, which extends CCH Tagetik into sales and operations planning, has now been fully integrated with CCH Tagetik. Global internal audit solution, TeamMate, posted mid-single digit organic growth driven by strong performances in Europe and Asia Pacific.

North America Professional Tax & Accounting (49% of divisional revenues) achieved 5% organic growth (2020: 0%), driven primarily by renewals and upgrades for our cloud-based solutions, including the CCH Axcess suite and CCH Engagement. Fees from ancillary services, such as e-filing and bank products, stabilized. Our U.S. publishing business was broadly stable with trends in print books and training revenues improving compared to 2020.

Europe Professional Tax & Accounting (30% of divisional revenues) sustained 5% organic growth (2020: 5%), with good performance across all seven European countries. The European business continued to invest in cloud and hybrid-cloud collaboration tools.

Asia Pacific and Rest of World Professional Tax & Accounting (5% of divisional revenues) saw positive organic growth led by China. In June 2021, we merged certain Brazilian assets with those of a competitor in exchange for a minority interest in the combined entity.

Our customers

Solutions for accounting firms, corporate finance, tax and auditing departments, government agencies, libraries, and universities.

Top products

Corporate Performance Solutions:
CCH Tagetik, TeamMate

Professional Firm Solutions:
North America: CCH Axcess, CCH ProSystem fx, CCH Axcess Engagement, CCH Axcess Workflow, CCH AnswerConnect, CCH Axcess Validate

Europe and ROW:
A3 Software, ADDISON, CCH iFirm, CCH Integrator, CCH OneClick, CCH PinPoint, Genya, Twinfield

Complete list of Solutions
www.wolterskluwer.com/en/tax-and-accounting/our-solutions

Tax & Accounting – Year ended December 31

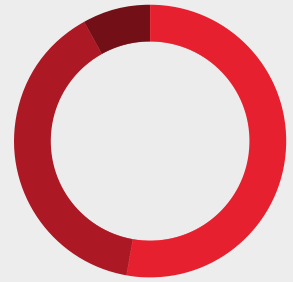
€ million, unless otherwise stated	2021	2020	Δ	Δ CC	Δ OG
Revenues	1,510	1,431	+6%	+7%	+6%
Adjusted operating profit	430	431	0%	+2%	0%
Adjusted operating profit margin	28.4%	30.1%			
Operating profit	352	387	-9%		
Net capital expenditure	72	77			
Ultimo FTEs	7,416	7,149			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

MARKET TRENDS

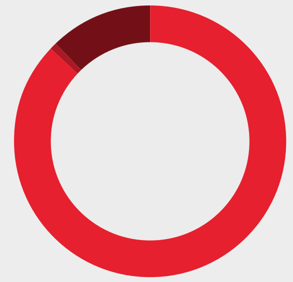
- Accelerated adoption of cloud solutions
- Emergence of connected eco-systems
- Digitization and automation of workflows
- Growing regulatory complexity

2021 Revenues by geographic market



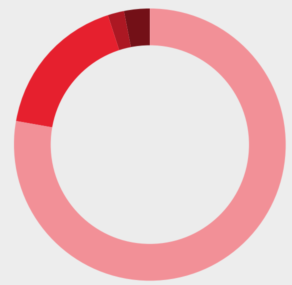
- North America **53%**
- Europe **39%**
- Asia Pacific & ROW **8%**

2021 Revenues by type



- Recurring **87%**
- Print books **1%**
- Other non-recurring **12%**

2021 Revenues by media format



- Software **78%**
- Other digital **17%**
- Services **2%**
- Print **3%**

Governance, Risk & Compliance

TECHNOLOGY-ENABLED SERVICES AND SOLUTIONS

Expert services and solutions for legal entity compliance, legal operations management, banking product compliance, and regulatory reporting.

We provide legal and banking professionals with solutions to ensure compliance with ever-changing regulatory and legal obligations, manage risk, increase efficiency, and produce better business outcomes.

See our GRC overviews
www.wolterskluwer.com/en/compliance
www.wolterskluwer.com/en/finance

Governance, Risk & Compliance

> I am incredibly proud of how our team has supported our legal and financial clients and helped them navigate the uncertainties of the last two years.

Richard Flynn, CEO Governance, Risk & Compliance

DIVISIONAL AWARDS 2021

- CT Corporation UCC Hub wins Legal Technology Innovation of the Year award from The New World Report.
- Chartis RiskTech100: category winner for Regulatory Reporting – Banking, Liquidity Risk, and Regulatory Intelligence.

REVIEW OF 2021 PERFORMANCE

- Legal Services recorded 12% organic growth, buoyed by a 21% rise in transactional revenues.
- Financial Services revenues grew 3% organically, excluding revenues associated with the PPP.
- Margin increase reflects lower restructuring and other provisions.

Wolters Kluwer Governance, Risk & Compliance (GRC) revenues increased 10% in constant currencies, including the effect of the acquisitions of eOriginal on December 16, 2020, and LicenseLogix on October 29, 2021, partly offset by a small disposal. Organic growth was 6% (2020: 2%). The adjusted operating profit margin increased, reflecting substantially lower restructuring charges, and lower provisions. These benefits were partly offset by increased investment in product and platform development across the division. Operating profit rose 8% reflecting the rise in adjusted operating profit, offset by higher amortization and impairment of acquired intangibles.

Legal Services (56% of divisional revenues) recorded 12% organic growth (2020: 2% decline), led by CT Corporation, which saw good momentum in recurring service subscriptions combined with double-digit organic growth in transactional revenues (2020: 10% decline). This performance captures the rebound in U.S. company formations, M&A activity, and other transactional volumes in 2021. In October, CT Corporation acquired LicenseLogix, a leading provider of U.S. business licensing services. Enterprise Legal Management (ELM) Solutions achieved 5% organic growth (2020: 0%) supported by an increase in law firm transactional revenues and recurring software revenues.

Financial Services (44% of divisional revenues) revenues declined 1% organically (2020: 7%) but rose 3% excluding revenues associated with the PPP. Compliance Solutions, excluding the PPP solution, was broadly stable year on year. eOriginal, which was acquired in December 2020, delivered better-than-expected double-digit revenue growth (not included in organic growth) and is being aligned with our digital loan compliance solutions, Expere and ComplianceOne. Lien Solutions, a mostly transactional business, experienced a strong rebound in revenues driven by increased UCC search and filing volumes and continued success with its motor vehicle title perfection services. Finance, Risk & Reporting recorded muted organic growth due to lower professional services.

Our customers

Solutions and services for legal, compliance, and risk professionals in corporations, small businesses, law firms, insurers, banks, non-bank lenders, credit unions, leasing companies, and securities firms.

Top products

Legal Services: CT Corporation, Passport, TyMetrix 360, LegalVIEW BillAnalyzer

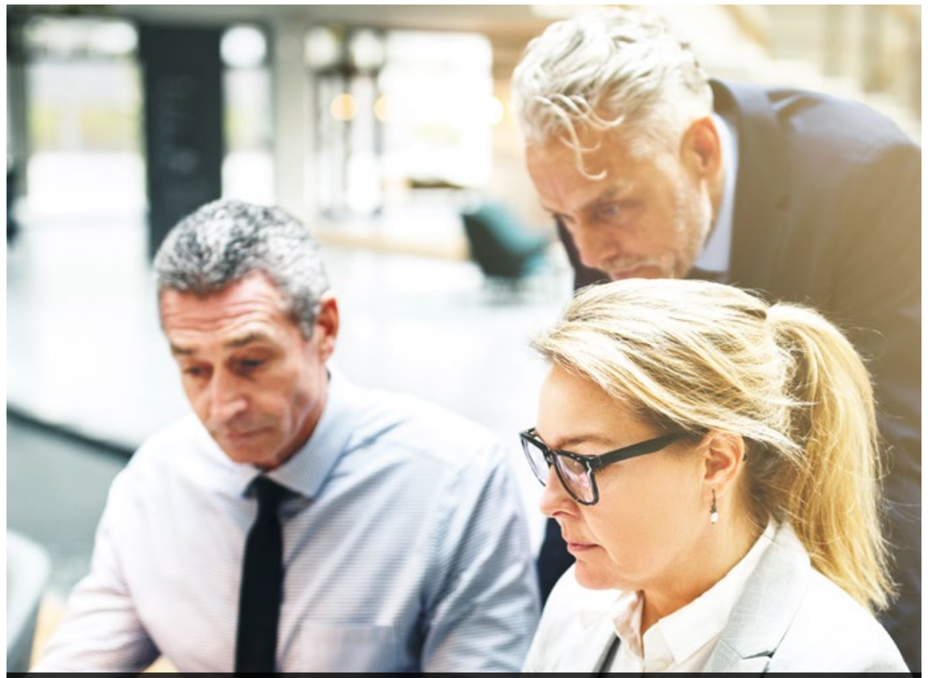
Financial Services: OneSumX, ComplianceOne, Expere, eOriginal, GainsKeeper, Lien Solutions

Complete list of Solutions
www.wolterskluwer.com/en/compliance/our-solutions
www.wolterskluwer.com/en/finance/our-solutions

Governance, Risk & Compliance – Year ended December 31

€ million, unless otherwise stated	2021	2020	Δ	Δ CC	Δ OG
Revenues	1,139	1,074	+6%	+10%	+6%
Adjusted operating profit	351	313	+12%	+17%	+13%
Adjusted operating profit margin	30.8%	29.1%			
Operating profit	301	279	+8%		
Net capital expenditure	82	76			
Ultimo FTEs	4,736	4,485			

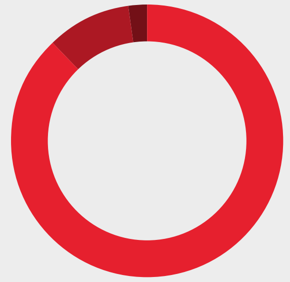
Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.



MARKET TRENDS

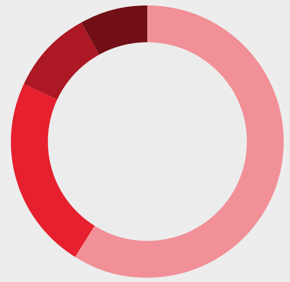
- Increasing regulatory complexity for corporations and banks
- Growing appetite for technology-led solutions
- Varying rates of cloud adoption across customer segments
- Rising expectations for technology capabilities

2021 Revenues by geographic market



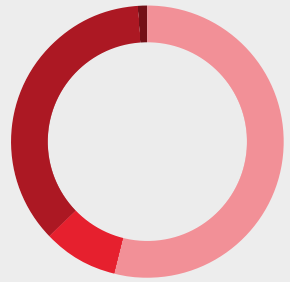
- North America **88%**
- Europe **10%**
- Asia Pacific & ROW **2%**

2021 Revenues by type



- Recurring **59%**
- LS transactional **23%**
- FS transactional **10%**
- Other non-recurring **8%**

2021 Revenues by media format



- Software **54%**
- Other digital **9%**
- Services **36%**
- Print **1%**

Legal & Regulatory

LEGAL EXPERT INSIGHTS

Evidence-based information, actionable insights, and integrated workflow solutions that help customers make the right decisions and streamline compliance.

We enable legal and compliance professionals, and environmental, health & safety, and operational risk managers to improve productivity and performance, mitigate risk, and solve complex problems with confidence.

See our Legal & Regulatory overview
www.wolterskluwer.com/en/legal

Legal & Regulatory

Among legal professionals, technology is going to have the most impact in the next three years.

Martin O'Malley, CEO Legal & Regulatory

DIVISIONAL AWARDS 2021

- Enablon Vision wins Business Intelligence Group award for Sustainability Product of the Year.
- VitalLaw U.S. COVID-19 Solution wins 2021 SIAA Business Technology CODiE Award.

REVIEW OF 2021 PERFORMANCE

- EHS/ORM & Legal Software (18% of divisional revenues) grew 8% organically.
- Information Solutions grew 2% organically driven by strong growth in digital formats.
- Margin increase reflects operational gearing and a one-time pension benefit.

Legal & Regulatory revenues declined 1% in constant currencies, reflecting the effect of a series of disposals completed in 2020 and 2021. On an organic basis, revenues grew 3% (2020: 2% decline), supported by high single-digit growth in digital product revenues. Adjusted operating profit increased 26% in constant currencies and included an €11 million one-time benefit related to amendments to the employee pension fund in the Netherlands. The margin increase also reflects operational gearing and substantially lower restructuring costs, partly offset by increased investment in product development. Operating profit increased 93%, due to a €26 million net gain on the sale of the U.S. legal education business.

EHS/ORM and Legal Software (18% of divisional revenues), which includes our global solutions for environmental, health & safety and operational risk management (EHS/ORM) and our European Legal Software unit, saw organic growth accelerate to 8% (2020: 5%). In EHS/ORM, Enablon's recurring cloud-based revenues generated double-digit organic growth, while on-premise software license and implementation fees declined. Our legal software solutions, Kleos and Legisway, drove strong organic growth in both cloud subscriptions and non-recurring revenues. Investment in product development was stepped up in 2021.

Legal & Regulatory Information Solutions (82% of divisional revenues) recorded 3% revenue decline in constant currencies due to divestitures. On an organic basis, revenues grew 2% (2020: 3% decline). Digital information solutions grew 7% organically, but this was partly offset by a decline in print subscriptions. Revenues from print books declined in Europe, but grew in the U.S. as our legal education business (divested in December 2021) benefitted from a market recovery. In December 2021, we announced the receipt of a binding offer from Karnov Group for our Spanish and French legal information assets. This transaction is conditional on anti-trust approval in Spain and expected to close before the end of 2022.

Our customers

Solutions for legal, compliance, EHS, and operational risk professionals in law firms, corporations, universities, and government agencies.

Top products

Environmental, Health & Safety/ Operational Risk Management: Enablon

Legal Software: Kleos, Legisway

Legal & Regulatory Information Solutions: VitalLaw, RBSource, LEX, ONE, Navigator, Schulinck, Jura, Legal Intelligence, Jogtar

Complete list of Solutions
www.wolterskluwer.com/en-gb/legal/our-solutions

Legal & Regulatory – Year ended December 31

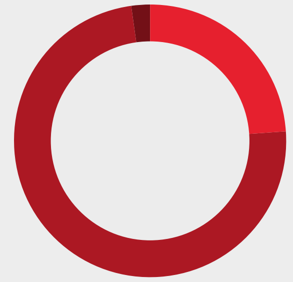
€ million, unless otherwise stated	2021	2020	Δ	Δ CC	Δ OG
Revenues	888	905	-2%	-1%	+3%
Adjusted operating profit	121	97	+25%	+26%	+41%
Adjusted operating profit margin	13.6%	10.7%			
Operating profit	114	59	+93%		
Net capital expenditure	52	45			
Ultimo FTEs	4,262	4,195			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

MARKET TRENDS

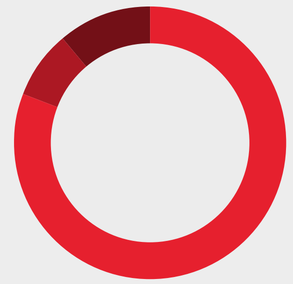
- Increasing legal and regulatory intensity
- Traditional law firms facing new competitors
- Law firms and corporate legal teams increasingly adopt technology
- EHS/ORM tools evolving into integrated risk platforms

2021 Revenues by geographic market



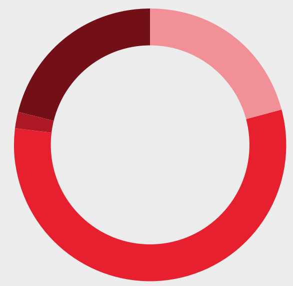
- North America **24%**
- Europe **74%**
- Asia Pacific & ROW **2%**

2021 Revenues by type



- Recurring **81%**
- Print books **8%**
- Other non-recurring **11%**

2021 Revenues by media format



- Software **21%**
- Other digital **56%**
- Services **2%**
- Print **21%**

Group Financial Review

This group financial review provides a summary of our 2021 results in IFRS alongside a discussion of benchmark figures offering insight into organic performance in constant currencies.

All divisions recorded stronger organic growth as market conditions started to recover from the pandemic.

Kevin Entricken, CFO and member of the Executive Board

HIGHLIGHTS

- Revenues up 6% in constant currencies and up 6% organically.
- Recurring revenues up 6% organically (80% of total revenues); non-recurring up 6% organically.
- Digital & services revenues up 7% organically (92% of total revenues); print down 4% organically.
- *Expert solutions* revenues up 6% organically (55% of total revenues).
- Operating profit up 4%.
- Adjusted operating profit up 11% in constant currencies.
- Adjusted operating profit margin up 90 basis points to 25.3%.
- Margin benefitted from operational gearing, lower restructuring costs, net positive one-time items, and from savings on travel and other expenses curtailed during the pandemic.
- Impairment charges on acquired identifiable intangible assets of €33 million (2020: none).
- Profit for the year up 1%, reflecting the higher operating profit and a lower effective tax rate, partly offset by an increase in net financing costs.
- Diluted adjusted EPS €3.38, up 17% in constant currencies.
- Adjusted free cash flow €1,010 million, up 15% in constant currencies.
- Balance sheet remains strong: net-debt-to-EBITDA 1.4x.
- Return on invested capital improved to 13.7%.

Key figures

€ million, unless otherwise stated	2021	2020	Δ	Δ CC	Δ OG
Revenues	4,771	4,603	+4%		
Operating profit	1,012	972	+4%		
Profit for the year	728	721	+1%		
Diluted EPS (€)	2.78	2.70	+3%		
Net cash from operating activities	1,292	1,197	+8%		
Business performance – benchmark figures					
Revenues	4,771	4,603	+4%	+6%	+6%
Adjusted operating profit	1,205	1,124	+7%	+11%	+10%
Adjusted operating profit margin	25.3%	24.4%			
Adjusted net profit	885	835	+6%	+15%	
Diluted adjusted EPS (€)	3.38	3.13	+8%	+17%	
Adjusted free cash flow	1,010	907	+11%	+15%	
Return on invested capital (ROIC)	13.7%	12.3%			
Net debt	2,131	2,383	-11%		

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth. Benchmark figures are performance measures used by management. See *Note 4* for a reconciliation from IFRS to benchmark figures.

REVENUES

Group revenues were €4,771 million, up 4% overall and up 6% in constant currencies. For the group, the effect of acquisitions was largely offset by the effect of divestments. Organic growth was 6%, marking a clear recovery on the prior year (2020: 2%). Excluding revenues associated with the U.S. Paycheck Protection Program (PPP), organic growth was also 6% (2020: 1%).

All geographic regions experienced a recovery in organic growth. Revenues from North America, which accounted for 62% of group revenues, grew 7% organically (2020: 2%). Revenues from Europe, 31% of total revenues, increased 4% organically (2020: 2%). Revenues from Asia Pacific and Rest of World, 7% of total revenues, grew 3% on an organic basis (2020: 4% decline).

Total recurring revenues, which include subscriptions and other renewing revenue streams, accounted for 80% of total revenues in 2021 (2020: 80%) and grew 6% organically, a clear improvement on the prior year (2020: 4%). Of this, digital and service subscriptions grew 7% organically (2020: 6%), while print subscriptions declined 10% organically (2020: 9% decline). Other recurring revenues were stable on an organic basis (2020: 1% decline).

Non-recurring revenues increased 6% organically, recovering from the steep declines seen in 2020 due to the effects of the pandemic (2020: 8% decline). Legal Services transactional revenues increased 21% organically after declining 6% organically in 2020. Financial Services transactional revenues declined 11% organically (2020: 25% increase), reflecting lower revenues associated with the PPP. Print book revenues ended the year up 1% organically (2020: 26% decline), following a sharp decline in the fourth quarter, as expected. Other non-recurring revenues, which include software licenses and implementation services, recovered to 4% organic growth (2020: 8% decline).

	€ million	%
Revenues 2020	4,603	
Organic change	259	6
Acquisitions	64	1
Divestments	(45)	(1)
Currency impact	(110)	(2)
Revenues 2021	**4,771**	**4**

OPERATING PROFIT

Operating profit increased 4% to €1,012 million (2020: €972 million), reflecting the increase in adjusted operating profit partly offset by a net €33 million impairment of acquired identifiable intangible assets.

Adjusted operating profit was €1,205 million (2020: €1,124 million), an increase of 11% in constant currencies and 10% organically. The adjusted operating profit margin increased 90 basis points to 25.3% (2020: 24.4%), benefitting from operational gearing, lower restructuring costs, net positive one-time items (mainly an €11 million positive one-time item related to an amendment to the Netherlands pension fund), and cost savings related to low levels of travel and in-person events activity curtailed as a result of the pandemic.

Restructuring costs, included in adjusted operating profit, were €6 million, significantly lower than in the prior year (2020: €49 million). Investments in product development were maintained at high levels, while investment in sales and marketing and technology infrastructure was increased.

Group Financial Review continued

Revenues by type

€ million, unless otherwise stated	2021	2020	Δ	Δ CC	Δ OG
Digital and service subscription	3,397	3,218	+6%	+8%	+7%
Print subscription	157	182	-14%	-13%	-10%
Other recurring	256	280	-9%	-5%	0%
Total recurring revenues	**3,810**	**3,680**	**+4%**	**+6%**	**+6%**
Print books	146	150	-2%	-2%	+1%
LS transactional	266	228	+17%	+21%	+21%
FS transactional	109	129	-16%	-11%	-11%
Other recurring	440	416	+6%	+7%	+4%
Total non-recurring revenues	**961**	**923**	**+4%**	**+6%**	**+6%**
Total revenues	**4,771**	**4,603**	**+4%**	**+6%**	**+6%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth. Other non-recurring revenues include software licenses, software implementation fees, professional services, and other non-subscription offerings. LS = Legal Services; FS = Financial Services.

DIVISIONAL PERFORMANCE

All divisions recorded a recovery in organic growth as market conditions staged a recovery from the pandemic. Adjusted operating profit margins increased in all divisions except Tax & Accounting where operational gearing was outweighed by increased investment in sales and marketing and technology infrastructure.

Divisional summary

€ million, unless otherwise stated	2021	2020	Δ	Δ CC	Δ OG
Revenues					
Health	1,234	1,193	+3%	+7%	+7%
Tax & Accounting	1,510	1,431	+6%	+7%	+6%
Governance, Risk & Compliance	1,139	1,074	+6%	+10%	+6%
Legal & Regulatory	888	905	-2%	-1%	+3%
Total revenues	**4,771**	**4,603**	**+4%**	**+6%**	**+6%**
Adjusted operating profit					
Health	360	343	+5%	+9%	+9%
Tax & Accounting	430	431	0%	+2%	0%
Governance, Risk & Compliance	351	313	+12%	+17%	+13%
Legal & Regulatory	121	97	+25%	+26%	+41%
Corporate	(57)	(60)	-5%	-5%	-5%
Total adjusted operating profit	**1,205**	**1,124**	**+7%**	**+11%**	**+10%**
Adjusted operating profit margin					
Health	29.2%	28.7%			
Tax & Accounting	28.4%	30.1%			
Governance, Risk & Compliance	30.8%	29.1%			
Legal & Regulatory	13.6%	10.7%			
Total adjusted operating profit margin	**25.3%**	**24.4%**			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

CORPORATE EXPENSES

Net corporate expenses declined by 5% in constant currencies and organically, reflecting lower spending on various corporate projects and lower travel expenses.

Corporate

€ million, unless otherwise stated	2021	2020	Δ	Δ CC	Δ OG
Adjusted operating profit	(57)	(60)	-5%	-5%	-5%
Operating profit	(57)	(60)	-5%		
Net capital expenditure	0	1			
Ultimo FTEs	127	132			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

FINANCIAL POSITION

Balance sheet

Non-current assets, mainly consisting of goodwill and acquired identifiable intangible assets, increased by €123 million to €6,290 million in 2021, mainly due to continued investments in software assets, acquisitions through business combinations, and the positive effect of foreign exchange differences, being higher than the amortization and impairments recognized during the year and the divestments of operations.

Total equity increased by €330 million to €2,417 million, mainly due to the significant comprehensive income achieved for the year, partly offset by the effect of share buybacks and dividend payments. During the year, we repurchased 5.0 million shares for a total consideration of €410 million, including 0.7 million shares to offset incentive share issuance (2020: 0.9 million). At December 31, 2021, share buybacks have not yet been executed for an amount of €50 million under the existing mandate.

In September 2021, we completed a reduction in ordinary share capital by canceling 5.0 million of the shares held in treasury (2020: 5.5 million shares canceled). As of December 31, 2021, we held 4.3 million shares in treasury. In 2021, the total weighted average number of shares was 260.4 million (2020: 265.0 million).

Balance sheet

€ million, unless otherwise stated	2021	2020	Variance
Non-current assets	6,290	6,167	123
Working capital	(318)	(968)	650
Total equity	2,417	2,087	330
Net debt	2,131	2,383	(252)
Net-debt-to-EBITDA ratio	1.4	1.7	(0.3)

Net debt, leverage, and liquidity position

Net debt at December 31, 2021, was €2,131 million, compared to €2,383 million at December 31, 2020. Included in net debt was €331 million of lease liabilities. The net-debt-to-EBITDA ratio was 1.4x (2020: 1.7x).

On March 30, 2021, we issued a new €500 million, 7-year senior unsecured Eurobond with a coupon of 0.25%. The new bond provides financing at an attractive rate and has extended the company's debt maturity profile. The proceeds will be used for general corporate purposes.

Group Financial Review continued

Working capital

€ million	2021	2020	Variance
Inventories	65	68	(3)
Contract assets – current	138	111	27
Trade receivables	1,008	986	22
Operating other receivables – current	366	269	97
Deferred income – current	(1,709)	(1,518)	(191)
Other contract liabilities	(80)	(66)	(14)
Trade and other operating payables	(909)	(784)	(125)
Operating working capital	(1,121)	(934)	(187)
Cash and cash equivalents	1,001	723	278
Non-operating working capital and assets/liabilities classified as held for sale	(198)	(757)	559
Total	**(318)**	**(968)**	**650**

In July 2021, we agreed to a one-year extension of our €600 million multi-currency revolving credit facility. This facility will therefore now mature in 2024 and still includes a further one-year extension option. The relevant terms and conditions remain unchanged. Simultaneously, we executed a sustainability-linked option that was available under this facility, in order to reinforce our ESG ambitions by embedding them into our financing. Four ESG key performance indicators, along with an ESG-linked pricing mechanism, were agreed, making the facility a sustainability-linked credit facility. This facility is currently undrawn. We remain comfortably below the debt covenant on this credit facility.

Our liquidity position remains strong with, as of December 31, 2021, net cash available of €992 million.

Working capital

Operating working capital amounted to €(1,121) million, compared to €(934) million in 2020, a decrease of €187 million. This decrease includes the autonomous movements in working capital. Non-operating working capital and assets/liabilities classified as held for sale increased to €(198) million, compared to €(757) million in 2020, mainly due to the repayment of the Euro Commercial Paper program of €100 million and the decrease in bank overdrafts for cash management purposes.

OTHER DEVELOPMENTS

Financing results

Financing results amounted to a net cost of €84 million (2020: €41 million), including a €5 million net loss on revaluation of financial assets through profit and loss (2020: €0 million). The increase in net costs is mainly due to a €15 million net foreign exchange loss on the translation of intercompany balances compared to a €24 million net foreign exchange gain in 2020. The translation of intercompany balances was impacted by the movement in the €/$ exchange rate from 1.23 on December 31, 2020, to 1.13 at December 31, 2021. Adjusted net financing costs increased to €78 million (2020: €46 million).

Equity-accounted investees

Our share of profits of associates, net of tax, was €1 million (2020: €6 million); the prior period included a one-time higher result related to Logical Images which was divested in May 2020.

Taxation

Profit before tax decreased 1% to €929 million (2020: €937 million). The effective tax rate decreased to 21.6% (2020: 23.1%), reflecting a one-time release of tax contingencies following the closure of tax audits.

Adjusted profit before tax was €1,128 million (2020: €1,084 million), up 12% in constant currencies. The benchmark tax rate on adjusted profit before tax was 21.5% (2020: 23.0%).

Earnings per Share

Total profit for the year increased 1% to €728 million (2020: €721 million) and diluted earnings per share increased 3% to €2.78 (2020: €2.70).

Diluted adjusted EPS was €3.38 (2020: €3.13), up 17% in constant currencies, reflecting the increase in adjusted net profit, a lower tax rate, and a 2% reduction in the diluted weighted average number of shares outstanding to 261.8 million (2020: 266.6 million).

Return on Invested Capital (ROIC)

In 2021, the ROIC was 13.7% (2020: 12.3%), mainly due to a higher adjusted operating profit and a lower benchmark tax rate.

Cash flow

€ million, unless otherwise stated	2021	2020	Variance
Net cash from operating activities	1,292	1,197	95
Net cash used in investing activities	(287)	(563)	276
Net cash used in financing activities	(451)	(627)	176
Adjusted operating cash flow	1,348	1,145	203
Net capital expenditure	(239)	(231)	(8)
Adjusted free cash flow	1,010	907	103
Diluted adjusted free cash flow per share (€)	3.87	3.40	0.47
Cash conversion ratio (%)	112	102	

The net cash inflow before the effect of exchange differences was €554 million (2020: net cash inflow of €7 million), due to the net cash from operating activities far outweighing the net cash used in financing activities and investing activities.

Adjusted operating cash flow was €1,348 million (2020: €1,145 million), up 20% in constant currencies. The cash conversion ratio increased to 112% (2020: 102%), due to substantially higher working capital inflows compared to the prior year. Working capital inflows were €150 million (2020: €39 million inflow) driven by organic revenue growth and improved collections on receivables.

Net capital expenditure increased to €239 million (2020: €231 million), remaining at 5.0% of revenues (2020: 5.0%).

Cash payments related to leases, including €9 million of lease interest paid, declined to €77 million (2020: €85 million), due to reduced real estate footprint.

Net interest paid, excluding lease interest paid, increased to €57 million (2020: €54 million).

Corporate income tax paid increased to €277 million (2020: €221 million), due to the timing of tax payments and higher taxable income.

Restructuring led to a net cash outflow of €33 million, largely reflecting cash appropriation of provisions amounting to €34 million (compared to a net increase of €17 million in the prior year).

As a result, adjusted free cash flow was €1,010 million (2020: €907 million), up 11% overall and up 15% in constant currencies.

Dividends paid to shareholders amounted to €373 million (2020: €334 million), while share repurchases totaled €410 million (2020: €350 million).

Acquisitions and divestments

Total acquisition spending, net of cash acquired and including €5 million in transaction costs, was €113 million (2020: €406 million), mainly relating to the acquisitions of Vanguard Software in Tax & Accounting (€93 million) and LicenseLogix in Governance Risk & Compliance (€10 million). On a pro-forma basis, these acquisitions generated revenues of €19 million in 2021, of which €9 million was consolidated in 2021. Earnouts or deferred payments on acquisitions were €0 million in 2021 (2020: €6 million).

Divestment proceeds, net of cash disposed and transaction costs, were €68 million (2020: €48 million) and related primarily to the divestment of the U.S. legal education assets.

Leverage and financial policy

Wolters Kluwer uses its cash flow to invest in the business organically and through acquisitions, to maintain optimal leverage, and provide returns to shareholders. We regularly assess our financial position and evaluate the appropriate level of debt in view of our expectations for cash flow, investment plans, interest rates, and capital market conditions.

While we may temporarily deviate from our leverage target at times, we continue to believe that, in the longer run, a net-debt-to-EBITDA ratio of around 2.5x remains appropriate for our business given the high proportion of recurring revenues and resilient cash flow.

Sustainability

Our purpose is to deliver deep impact when it matters most. Our products and services support the knowledge, decision-making, and effectiveness of our professional customers, protect people's health and prosperity, and contribute to a safe and just society.

In this chapter, we describe our approach and performance with regard to key Environmental, Social, and Governance (ESG) issues.

OUR APPROACH TO SUSTAINABILITY

We have an ongoing commitment to cultivating a creative work environment with highly engaged employees, harnessing the diversity of our communities, contributing to society, and playing our part in protecting the environment.

Sustainability underpins how we do business and how we respect and create value for our stakeholders. It has been ingrained in our processes, policies, business values, and company culture for many years. Today, ESG goals are a key element of our corporate strategy, with ESG targets incorporated into executive remuneration and embedded into our credit facility. We focus on the areas most material to our stakeholders and our business as we manage ESG risks and opportunities.

Our sustainable approach to creating long-term value will enable us to deliver positive outcomes for our stakeholders, minimize negative impacts, contribute to society and respect the environment.

We aim to be clear and transparent in our reporting. We are guided by international guidelines, such as the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the principles of the United Nations Global Compact (UNGC).

This annual report includes selected data on material ESG topics. The full overview of our ESG data disclosures can be found in our 2021 ESG Data Overview. Our ESG data reporting has been prepared in accordance with the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) frameworks.

The 2021 ESG Data Overview and GRI, SASB, and UN Global Compact disclosures are available at *www.wolterskluwer.com/en/investors/financials/annual-reports*

SECTION OVERVIEW

SUSTAINABILITY RATINGS

Sustainability continued

Sustainability strategy

Our sustainability strategy ENGAGE encourages our employees to focus on six sustainability pillars, including four of the most material topics as identified by stakeholders. Each of the pillars in this strategy includes a range of initiatives and action plans. During 2021, progress was made across all pillars, described in more detail in the sections below.

Advancing a sustainable future through better decisions and outcomes

E	N	G	A	G	E
ENHANCE employee engagement and talent management	**NURTURE** diversity, equity, inclusion, and belonging	**GROW** product impact and innovation	**ADVANCE** cybersecurity and data privacy	**GENERATE** a smaller environmental footprint	**ENRICH** our communities

MATERIALITY

We undertake periodic materiality assessments to identify economic, environmental, social, and governance issues that are linked to the interests of our stakeholders and are relevant to the success of our business. We assess the level of importance of these issues to our stakeholders and to Wolters Kluwer. This analysis helps us prioritize the issues that matter most and ensure we remain focused on those that have the most impact on our business and our stakeholder groups.

Issue identification

In 2020, we performed a comprehensive materiality assessment. The process, led by a third party, started with research to identify 25 key topics, which were grouped into four different categories: environmental, social, governance, and product. The research included a review of market trends, peers and competitors, reporting frameworks, and previous materiality analyses.

Stakeholder engagement, issue prioritization, and results

We took views on the materiality of these 25 topics from a broad group of internal and external stakeholders, including customers, employees, senior executives, investors, business partners, and suppliers, through interviews and surveys. Finally, the topics were ranked, based on the stakeholder feedback, and the results validated against the company's corporate risk assessment. The topics that were identified as most material are shown in the upper right corner of the matrix diagram. This report focuses on the six topics most material to our business: customer focus and relationships; product impact and innovation; employee engagement and talent management; diversity, equity, inclusion, and belonging; cybersecurity and data privacy; and ethics, compliance, and governance.

MATERIALITY CONTINUED

Materiality refresh

In 2021, we performed a consistency check on the 2020 materiality assessment and concluded that the 2020 assessment remained valid for 2021. The only change made was to add belonging to diversity, equity, and inclusion. See the section *Diversity, Equity, Inclusion, and Belonging* for more information. The materiality matrix highlights the importance of social and governance factors for our business. As a provider of digital information, software, and services, our business is mainly driven by the innovation and commitment of our talented, engaged, and diverse workforce. Since the environmental impact of our industry is relatively low, environmental factors are generally not seen as very material to the future of our business. Nonetheless, we believe we have a responsibility to society at large to contribute to reducing carbon emissions. The section *Environmental Responsibility* sets out our plans to improve the quality and completeness of our emissions data and our ambition to follow the recommendations of the Task Force on Climate-related Financial Disclosures.

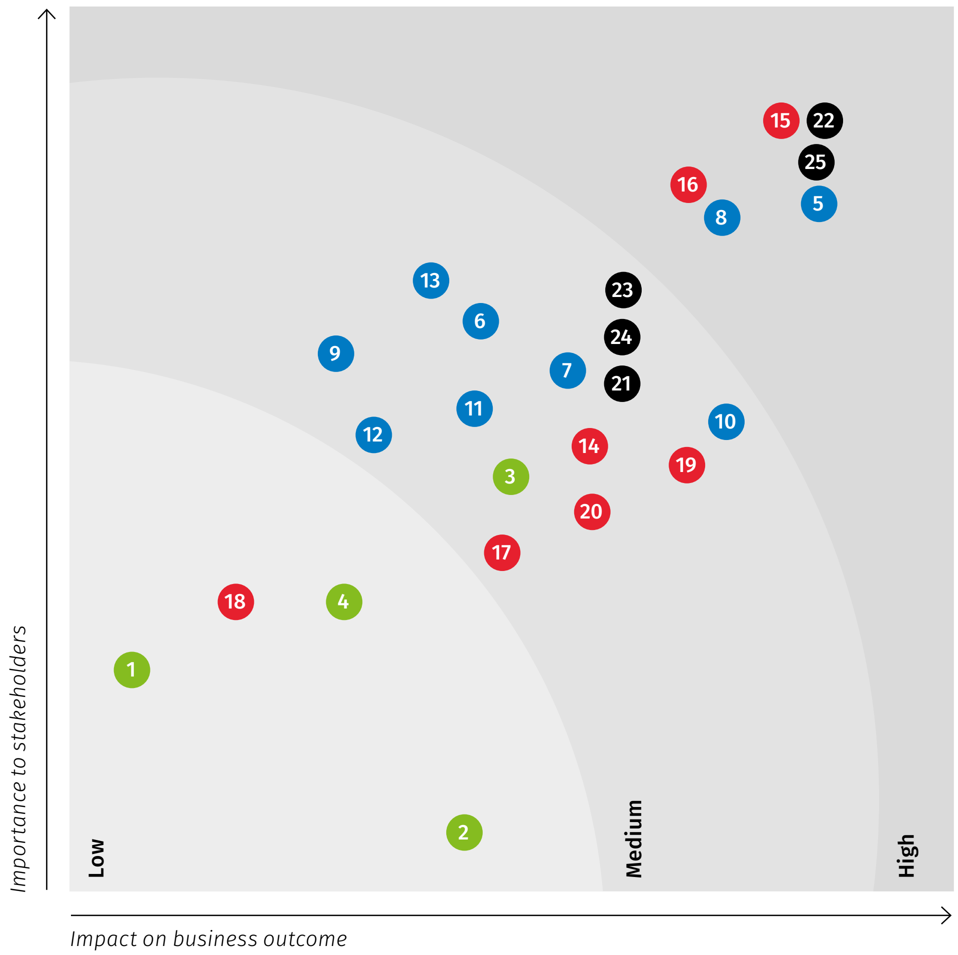
Materiality matrix

Environmental topics
1 Circular economy
2 Climate resilience
3 Carbon footprint
4 Waste and water management

Social topics
5 Employee engagement and talent management
6 Employee compensation
7 Employee health, safety, and well-being
8 Diversity, equity, inclusion, and belonging
9 Labor practices
10 Training and professional development
11 Community involvement
12 Employee volunteering
13 Responsible supply chain management

Governance topics
14 Board diversity
15 Cybersecurity and data privacy
16 Ethics, compliance, and governance
17 Executive compensation
18 Public policy
19 Responsible Artificial Intelligence (AI)
20 Tax responsibility

Product topics
21 Products design and lifecycle management
22 Customer focus and relationships
23 Editorial quality and integrity
24 IP and copyright protection
25 Product impact and innovation



Level of materiality:
- High
- Medium
- Low

Sustainability continued

CUSTOMER FOCUS AND RELATIONSHIPS

Why is this topic important?

The issue of customer focus and relationships is viewed by internal and external stakeholders as the single most material factor for the long-term sustainability of our business. Employees view it as important to our purpose of delivering impact when it matters most and fundamental to our core value of focusing on our customers' success. Shareholders consider it critical to the long-term growth and competitiveness of the company.

Our approach

We build and develop customer relationships through a variety of touchpoints, especially through our sales, marketing, customer support, professional services, and product development teams. In addition to regular customer contact, our teams host user conferences and participate in industry events. We conduct regular customer surveys and market research. Several of our businesses maintain customer advisory panels. In designing, building, and enhancing our solutions, we work closely with customers before, during, and after the product development phase to ensure we meet user needs.

We measure customer focus and relationships across Wolters Kluwer primarily by tracking customer retention, product renewal rates, and net promoter scores (NPS). For our established *expert solutions* and other leading subscription-based digital information products and services, we strive to maintain or achieve product renewal rates of 90% or more and a top-three NPS score.

In 2021, renewal rates for our largest subscription-based digital information products and services were maintained at high levels (above 90%) and NPS scores for more than half of our top products were maintained or improved.

PRODUCT IMPACT AND INNOVATION

Why is this topic important?

Our stakeholders recognize that product impact and innovation are critical to organic growth and to our transformation into an expert solutions company. Over the years, we delivered on our strategy to consistently invest 8%-10% of our annual revenues in product development, a large portion of which supports innovation. Our central product development team, the Digital eXperience Group, plays a key role, working closely with business units and with customers to drive innovation using a customer-centric process and leveraging their centers of excellence in advanced technologies.

Our approach

We celebrate innovation through our annual Global Innovation Awards (GIA), which rewards teams who develop innovative solutions that improve customer experiences or transform our own internal processes. Each year, hundreds of employees take up the challenge, demonstrating their sense of purpose and creativity, and fostering collaboration across the business.

We measure innovation by tracking our product development spend by business unit and by regularly monitoring progress against product roadmaps. We track GIA submissions and winners. GIA ideas that were launched in the market include CCH IQ, LegalVIEW BillAnalyzer, Jurimetria, UCC Manage, Ilien Motor Vehicle, and OneSumX Proviso. We also monitor our performance in various industry awards and rankings that focus on innovation, such as the Best in KLAS Awards and the Stevie Awards.

PRODUCT IMPACT AND INNOVATION CONTINUED

In 2021, product development spend was at the upper end of our stated goal of 8%-10% of total revenues. While the number of GIA submissions were lower than in 2020, the quality of the ideas submitted was high. Six concepts were selected as winners and provided with start-up funding. We believe that when teams are able to gather and brainstorm in person, creativity and ideation will recover.

Product impact and innovation	2021	2020	2019
Product development spending, % of revenues	10%	9%	10%
Number of submissions to Global Innovation Awards	154	219	260
Number of Global Innovation Awards winners	6	6	4

Our products and services help to protect people's health and prosperity and contribute to a safe and just society by providing deep insights and knowledge to professionals. Our Product Impact Portfolio analysis, included in the 2021 ESG Data Overview, highlights the positive impacts that three top *expert solutions* from each division have on customers and society. Each product analyzed is scored on whether it has a positive impact on economic, social, and environmental indicators. Selected highlights of this analysis are provided below.

Product	*Customer benefit*	*Societal benefit*
UpToDate	• Improves medical outcomes • Enhances efficient use of resources	• Contributes to global health and well-being • Improves clinical decision-making of health professionals • Promotes equality by making expert knowledge available free of charge to the charity Mercy Ships and to clinicians who serve vulnerable populations
CCH Tagetik	• Improves efficiency of corporate finance workflow • Enables compliance with regulations	• Contributes to innovation by embedding predictive analytics and machine learning • Supports regulatory compliance and transparency
OneSumX	• Mitigates risks in banking • Enables compliance with regulations	• Promotes transparency of regulatory reporting • Secures institutional assets and reputation • Enhances the security of banking systems
Enablon	• Helps mitigate environmental, health, and safety risks • Improves efficiency of corporate sustainability data collection and reporting	• Contributes to global health and safety • Supports regulatory compliance and transparency

We are committed to the United Nations Sustainable Development Goals (SDGs), which address the economic, social, and environmental challenges the world faces. We support and contribute to the SDGs through the innovative products and services we deliver, through our engaged employees, through our sustainable returns, and by making an impact on society. As shown in our Value Creation Model, we have identified four SDGs to which we believe we can contribute most, as an investor, innovator, employer, and provider of products and services.

Sustainability continued

EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT

Why is this topic important?

Our employees are instrumental to the success of our company. Attracting, developing, and retaining talented employees is a material issue for our business and a strategic priority. Employee engagement is a key driver of employee performance and ultimately of business results. To underscore the importance of this topic, a target for employee engagement was included in the Executive Board remuneration in 2021. For more information, see *Remuneration Report*.

Our approach

We measure our performance in the area of human talent by monitoring employee engagement, turnover rates, and other data. See table below for selected data. We conduct annual surveys to measure employee engagement, the key objective of which is to identify areas of strength and opportunity so that we can make Wolters Kluwer an even better place to work. In 2021, we conducted an additional survey to obtain more specific feedback on the diversity, equity, and inclusion aspects of our workplace culture. See the section *Diversity, Equity, Inclusion, and Belonging* for a more in-depth discussion.

The results of our 2021 employee engagement survey indicate that engagement remains above the high-performing norm, an independently-defined standard based on leading companies that qualify for Fortune's World's Most Admired Companies and Great Place to Work rankings. Although there was a decrease over 2021, this is in line with market trend and should be seen in the context of the ongoing impact of the global pandemic. Through the survey, our employees told us that they are treated with dignity and respect and that we effectively collaborate with each other, even though we have had to learn to work differently during the global pandemic. The survey also indicated that while progress has been made, there remains room for further improvement in the areas of career development, belonging, and agility, which we plan to address in the coming years.

With the economic recovery, there was a rise in talent movement globally in 2021; we also saw an increase in voluntary turnover. We took action to address this and ended the year with a turnover rate that is lower than the average from the 2021 Gartner Technology Industry Benchmark.

Employee engagement and talent management	2021	2020	2019
Employee engagement score[1]	74%	84%	77%
Engagement relative to high-performing norm	Above	Above	Above
Voluntary turnover	11.9%	7.1%	8.8%
Non-voluntary turnover	3.1%	4.1%	3.8%
Total turnover	15.0%	11.2%	12.6%
Employees that accessed optional learning	71%	55%	–

[1] Employee engagement score is based on surveys and high-performing norm based on standard from independent market-leading survey partners. Results are from a shorter pulse survey administered to 20% of employees in 2019 and all employees in 2020, and a full survey administered to all employees in 2021.

EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT CONTINUED

Talent management

We have a comprehensive global talent management program, which includes recruitment, new employee on-boarding, skills training, career development, annual performance reviews, and succession planning.

We will be expanding our current focus on developing manager capabilities to provide more targeted support. In 2021, we performed an assessment of manager needs, which led to the identification of additional curricula that will be launched in 2022. These courses will support managers in employee coaching and development, cultivating an inclusive work environment, and preparation for a safe return to our offices.

Our annual Leadership Summit, held virtually in June 2021, reflected our commitment to help our leaders engage with each other, exchange ideas, and build the skills and capabilities to achieve our strategic goals as a company.

We have an annual performance review cycle in place, which includes setting performance and development goals, regular check-ins, and employee self-evaluations. Each year, our managers and employees set goals that ensure their work contributes to our strategy and creates value over the long term.

In 2021, we launched a new learning management system that is integrated into our global Human Resources platform and offers employees easy access to required training and a robust library of optional learning opportunities, which support employee growth and development. We continued our all-employee development campaign #Grow, which is designed to help make growth and development part of our daily work-life. Over the year, we saw our employees increasingly engage in discretionary learning, spending an average of six hours per engaged learner.

Employee health, safety, and well-being

The health, safety, and well-being of our employees is of utmost importance at Wolters Kluwer, especially as the global pandemic has continued.

In early 2021, we launched an enhanced global well-being program to include an expanded set of resources, programs, and content focused on building resilience. The program aims to support employees to achieve their personal best in emotional, physical, social, and financial well-being. We collaborate with best-in-class vendor partners to provide content and resources to motivate positive behavior changes and engagement in whole-self care. Details of this program are provided below.

We also provide our global employees with flexible work arrangements to help balance the various professional and personal commitments in their lives.

CASE STUDY: WOLTERS KLUWER GLOBAL WELL-BEING PROGRAM FOR EMPLOYEES

Key resources provided to employees include:

- A global employee assistance program that provides confidential individual counseling 24/7, help with work/life balance, and support for managers during critical incidents;
- Courses and webinars on resilience, mindfulness, and well-being during challenging times;
- Virtual on-demand well-being programming, including physical fitness classes, meditation, and mindfulness;
- Resources to support personal resilience with strategies for coping with work-related stress and burnout;
- A COVID-19 information series, including an interactive education program and live Q&A sessions with experts in the field; and
- Ergonomics program to support the work-from-home environment.

Sustainability continued

DIVERSITY, EQUITY, INCLUSION, AND BELONGING

Why is this topic important?

We believe that diversity in our workforce drives better decisions, innovation, and overall performance. While diversity has always been important at Wolters Kluwer, we are increasing our focus on diversity, equity, inclusion, and belonging (DEIB). We aim to provide a welcoming environment and equitable opportunities for all employees regardless of background, nationality, race, ethnicity, gender, gender identity, age, sexual orientation, marital status, disability, or religion. This principle is ingrained in our company values and articulated in our Code of Business Ethics.

Our approach

We have a policy that the Supervisory Board, Executive Board, and the division CEOs should be at least 30% female and at least 30% male. For many years, our gender diversity achievements have been ahead of these targets. See *Corporate Governance* for more information.

In 2021, a DEIB goal was included in the Executive Board remuneration. For more information, see *Remuneration Report*. Also, we established a new executive role to lead our efforts around DEIB.

In August 2021, we completed our first diversity, equity, and inclusion survey, resulting in a baseline quantitative measure of belonging. Belonging measures the extent to which employees believe they can bring their authentic selves to work and be accepted for who they are. We established a baseline belonging score of 72 which is in line with the 2021 average for global companies. As we advance our DEIB efforts in 2022, we aspire to improve upon our baseline score over time. The analysis highlighted several areas of strength and opportunity that are reflected in our integrated action plan for 2022 to drive stronger belonging and employee engagement. A target to improve the belonging score will be included in the 2022 remuneration for the Executive Board and senior executives.

To drive progress, we have stepped up our talent sourcing efforts to increase candidate flow from under-represented groups, provided enhanced interview training for hiring managers focused on unconscious bias, and increased our participation in a variety of diversity recruiting events. We piloted an internship program for female university students in our Pune, India, technology center. The majority of the interns from this pilot program ultimately joined Wolters Kluwer as full-time employees. We also enhanced our health and well-being benefits to be more attractive to diverse employees and candidates. In addition, our women's networks and diversity councils within the divisions continued to evolve.

In an effort to be transparent, we are disclosing the ethnicity representation of our employees in the United States, where it is legally permissible to collect this data.

DIVERSITY, EQUITY, INCLUSION, AND BELONGING CONTINUED

Diversity, equity, inclusion, and belonging	2021	2020	2019
Belonging score[1]	72	–	–
Gender ratio, % female			
Total workforce	46%	47%	47%
Executive Board	50%	50%	50%
Division CEOs	50%	50%	75%
Managers[2]	38%	38%	39%
Non-managers[3]	47%	48%	49%
Race/ethnicity ratio, % of U.S. workforce[4]			
Asian	12.3%	–	–
Black or African American	6.8%	–	–
Hispanic or Latino	5.9%	–	–
White	70.0%	–	–
Other race or ethnicity[5]	1.6%	–	–
Unknown or not provided	3.4%	–	–

1 Belonging score is based on a survey by an independent market-leading survey partner.
2 Managers are defined as employees having three or more direct reports.
3 Non-managers are defined as employees having less than three direct reports (0-1-2).
4 Races/ethnicities reported mirror those used for required federal reporting in the United States.
5 Other races/ethnicities include persons who identify as being of two or more races, Native American or Alaska Native, Native Hawaiian or Other Pacific Islander.

CASE STUDY: WOMEN IN TECHNOLOGY – GRACE HOPPER CELEBRATION

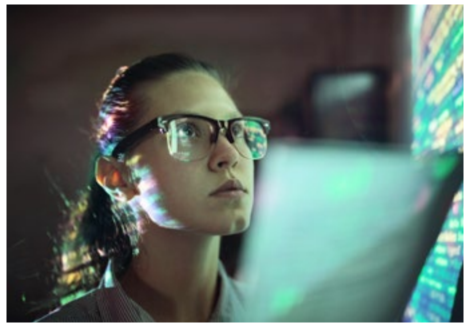
Wolters Kluwer's Digital eXperience Group (DXG) participated in the inaugural virtual gatherings of female technologists in Europe, Middle East & Africa in May 2021: the Grace Hopper Celebration EMEA produced by the AnitaB organization.

The Grace Hopper Celebration is the world's leading event for female technologists, enabling them to learn, network, and celebrate their achievements and to engage with organizations that view technology innovation as a strategic imperative. AnitaB is a non-profit social enterprise that aims to bring the research and career interests of women in computing to the forefront and to highlight the contributions of women in tech.

For DXG, this was an important talent recruitment event in which several of our female software engineers and other technologists took part, generating exposure for Wolters Kluwer as a global employer and digital leader, while raising awareness of our commitment to diversity. Wolters Kluwer employees engaged in positive conversations with conference attendees and drove interest to the careers section of our website.

Sustainability continued

CYBERSECURITY AND DATA PRIVACY



99%

of our active employees completed cybersecurity and data privacy training

Why is this topic important?

As a digital company, cybersecurity and data privacy are important to the success of our business. Customers rely on us to deliver our platforms and services safely and reliably, while safeguarding their data. We are committed to protecting our employees' and customers' personal and professional information. We deliver on this promise by keeping information secure and respecting the rights of individuals to protect their personal information.

Our approach

Cybersecurity

Our global information security program is built on people, processes, and technology collectively protecting the organization, our products, and customers. The program has a three-tiered management structure, and is overseen by the Security Council, comprising senior leadership from all our divisions and functional areas. The VP, Global Information Security is responsible for oversight, management, and monitoring of the program. We perform regular information security risk assessments to assess and evaluate the effectiveness of the security program. The program is assessed annually by an independent third party. In 2020, we adopted the National Institute of Standards and Technology, Cybersecurity Framework (NIST-CSF) to expand the maturity-based model of our cybersecurity program into a risk-based model.

To monitor, manage, and respond to potential security threats, we have a cross-functional global information security incident response team that promptly analyzes potential security incidents, to assess the impact, determine if any immediate risk exists, and take immediate actions to mitigate any damage. We maintain a written global information security program of policies, procedures, and controls aligned to NIST-CSF, ISO 27001, and other equivalent standards. These govern the processing, storage, transmission, and security of data.

In 2021, we further advanced our availability, resilience, and cybersecurity position by rolling out new capabilities. We continued the ongoing security awareness through phishing email tests and completed a NIST-CSF maturity assessment. Cybersecurity training was completed by 99% of our active employees. A target for cybersecurity maturity was included in the Executive Board remuneration in 2021. Our indexed cybersecurity maturity score increased from 100.0 in 2020 to 105.6 in 2021. For more information, see *Remuneration Report*.

We maintain sufficient controls to meet certification and attestation requirements for the objectives stated in ISO 27001 and in SOC 1 and SOC 2 Type 2 for the security program. For select systems, applications and services, we receive third-party audits of our compliance with SOC 2 Type 2 annually.

Data privacy

We foster a culture that respects the data privacy rights of individuals by promoting data privacy as a core company value. We strive to embed privacy across disciplines. We have a comprehensive privacy program and a privacy governance organization responsible for implementing policies and procedures that are designed to ensure compliance with privacy laws and regulations. We have set the EU General Data Protection Regulation (GDPR) as our global baseline reference and embed privacy rights in our policies, design, processes, and training. We train our employees in the safeguarding and processing of personal information and implement policies relating to the rights of individuals and privacy by design. We inform our customers about our privacy practices in various ways, including by means of a Privacy & Cookie notice on our global website and as part of our marketing practices. We explain what personal information we collect, use, and disclose, and inform customers of their rights and the choices they can make about the sharing of their information.

CYBERSECURITY AND DATA PRIVACY CONTINUED

Our customers demand a strong and sound data privacy strategy and the secure storage, handling, and processing of their data – always. A strong data privacy program is therefore essential to protecting our company's reputation and to our ability to offer *expert solutions*. Our data privacy strategy consists of three focus areas:

- Accelerate the development, implementation, and orchestration of the global privacy baseline across divisions and key countries to reflect regulatory developments;
- Enhance the level of maturity of the privacy processes; and
- Leverage and strengthen privacy awareness across the company.

In 2021, 99% of our employees completed global data privacy awareness training as part of our Annual Compliance Training program. We hosted webinars on privacy by design and provided specialized training on artificial intelligence and data privacy considerations.

ETHICS, COMPLIANCE, AND GOVERNANCE

Why is this topic important?

We are committed to protecting our people, environment, assets, and reputation. Good governance is key to upholding our history of high ethical standards and improving our company's decision-making processes, and forms the foundation of our sustainability strategy. Our ethics and compliance policies and procedures form the basis of our governance framework.

Our approach

Our Code of Business Ethics forms the basis of our commitment to use high standards of professional conduct and ethics in achieving our goals. Our Code of Business Ethics is published on our internal communications website in various languages for all our employees.

In 2021, we launched a new communication plan on our Code of Business Ethics, including newsletters, case studies, and webinars. We also rolled out a new global Anti-Bribery and Anti-Corruption Policy that serves as an extension of our Code of Business Ethics. We implemented enhanced anti-bribery due diligence screening of our partners and suppliers.

Annual Compliance Training

Our Annual Compliance Training consists of online courses on our Code of Business Ethics, IT and cybersecurity, and data privacy. The training was provided to all active employees globally in 2021 and requires employees to certify in writing that they have read and understood our Code of Business Ethics. New hires receive the training as part of their on-boarding. In 2021, a target for the Annual Compliance Training was included in the Executive Board remuneration. See *Remuneration Report* for more information.

Confidential channels for raising concerns

We aim to create a culture where everyone feels confident to speak up. We encourage our employees to report any concerns, including suspected violations of the Code of Business Ethics or other company policies, to their manager, Human Resources, Legal, or senior management. In addition, SpeakUp – our global reporting system operating through an external provider – offers our employees a confidential channel available 24/7 for reporting concerns to the Ethics & Compliance Committee in their own language, with the option to report anonymously where permitted by law. The Ethics & Compliance Committee reviewed all concerns received in 2021 and took appropriate action. None of these concerns had a material impact on the company.

Sustainability continued

ETHICS, COMPLIANCE, AND GOVERNANCE CONTINUED

Ethics and compliance	2021	2020	2019
% of employees who completed Annual Compliance Training	99%	99%	99%
Number of SpeakUp concerns	21	19	29

ENVIRONMENTAL RESPONSIBILITY

We are committed to minimizing our impact on the environment and to addressing the challenges of climate change as they relate to our own operations and our value chain. As a people-centric business, our overall risk related to environmental matters is relatively low, due to the nature of our business activities and the products and services we offer. Nonetheless, we have for many years been committed to managing our use of energy and natural resources in a responsible manner.

In recent times, we have seen climate change and environmental impact take on increased importance for our employees, investors, customers, and other stakeholders. This has led us to expand or accelerate programs and policies designed to reduce the environmental impact of our operations. Our efforts to minimize our environmental impact support the COP21 Paris Agreement of December 2016 and the last COP26 Glasgow Climate Pact of November 2021 on limiting global warming.

It is our ambition to align our practices and reporting with the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD) and to set science-based targets based on robust emissions data. During 2021, we enhanced our environmental data collection and reporting processes by adding additional checks and balances to ensure more reliable data. We explored setting targets for our scope 1 and 2 emissions and scope 3 business travel emissions, which we have been measuring and reporting on for many years. To achieve our ambition to set science-based targets, we recently kicked off a project with external experts to help us assess our complete greenhouse gas (GHG) footprint (including scope 1, 2, and all categories of scope 3 emissions), evaluate our internally developed targets, support target setting on additional scope 3 categories, and develop an abatement plan across all scopes. This project will also include a gap assessment and roadmap to align with the TCFD recommendations. Once we have determined our GHG footprint and established a baseline based on robust and complete data, we intend to develop and publish science-based targets and a roadmap of how to achieve them.

Throughout 2021, we continued to make progress on existing programs to reduce our emissions, as described below.

Real estate rationalization

Our global Real Estate & Facilities team aims to create sustainable and appealing workspaces for Wolters Kluwer employees, balancing the demand for space, attractive design, and employee engagement with environmental impact and spend per square meter. The team's real estate rationalization program was stepped up at the start of 2020 in order to help reduce our office-linked consumption of energy and water and our waste generation. Since 2020, sustainability certificates and green office standards are part of our selection criteria for new offices. Our offices in Madrid and Barcelona (Spain), Chennai (India), and Paris (France) are ISO 14001 certified.

During 2021, the total real estate footprint in square meters was reduced by 7% on an organic basis, mainly by closing smaller offices.

ENVIRONMENTAL RESPONSIBILITY CONTINUED

Environmental programs	2021	2020	2019
Real estate rationalization, % reduction in m²	7%	7%	–
Number of data centers closed	21	11	–
Number of on-premise servers decommissioned	2,838	–	–

Migration of servers to the energy-efficient cloud hosting providers

Over the past decade, we have been migrating customer applications and internal systems from on-premise servers to the cloud. Transitioning to the cloud brings not only customer benefits in terms of improved cybersecurity protection and increased mobility, availability, and standardization, it also helps reduce our carbon footprint. As our major cloud providers operate on higher energy efficiency, and in themselves are pursuing net zero emissions goals, we reduce our emissions by moving our applications to the cloud and by consolidating and decommissioning our on-premise data centers. In the selection of new cloud providers, carbon emission is one of the selection criteria.

As part of this program we closed 21 data centers and decommissioned 2,838 servers in 2021. A target for the migration or elimination of on-premise servers to the cloud was included in the Executive Board remuneration in 2021.

→ **See our Remuneration Report on** page 76

Business travel

Our business travel policy considers the needs of customers and other stakeholders while encouraging employees to question the financial and environmental cost of their travel compared to conducting virtual meetings. In 2020 and 2021, the global pandemic severely restricted business mobility, such that our travel activity has been significantly below historical levels. During the global pandemic, employees made much greater use of virtual meetings and events to support our global operations. While we expect travel activity to gradually return (as and when circumstances allow), we now expect that we can hold travel-related emissions per full-time equivalent below 2019 levels by encouraging greater use of virtual meetings and events.

SOCIAL RESPONSIBILITY

We aim to protect people's health and prosperity and contribute to a safe and just society. Our overall risk with respect to social and human rights-related matters is considered relatively low, due to the markets we operate in, the types of products and services we deliver, our highly qualified employees, and the customers and suppliers we deal with.

Protecting human rights

We support human rights as outlined in the Universal Declaration of Human Rights, the core standards of the International Labor Organization, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights. We strive to ensure that our own activities do not infringe on human rights. We expect our business partners to support the same human rights standards by committing to our Supplier Code of Conduct or an equivalent standard.

Our approach to human rights is emphasized in our Code of Business Ethics and our Human Rights Policy, and includes topics, such as equal opportunity and non-discrimination, health and safety, and fair pay. Feedback from our employees is very important: we actively engage with works councils and participate in collective bargaining where applicable. We monitor our employee compensation to ensure that we provide a living wage to our employees.

Sustainability continued

SOCIAL RESPONSIBILITY CONTINUED

292

days were spent by employees volunteering

We periodically compare our wages to the Global Living Wage Coalition (GLWC) benchmark, in countries where such a benchmark is available. The comparison against the GLWC's 2020 benchmarks indicates that our employees are paid above the living wage standard in countries covered by the Coalition.

Responsible supply chain

We expect our suppliers to meet the same social and environmental standards as we are committed to. Through our comprehensive third-party risk management program, we engage with our suppliers to ensure we have a responsible supply chain throughout our operations. Suppliers who are managed through our central supplier database are required to complete a due diligence questionnaire providing information on their policies for data security and data privacy, human rights and labor conditions, environmental footprint, and more. As part of this, we also request our suppliers to sign our Supplier Code of Conduct or to have their own equivalent standard, committing them to following applicable laws and regulations in areas such as human rights, labor conditions, anti-bribery, and the environment. Based on the supplier risk classification, this due diligence is repeated every one to three years. In 2021, the number of suppliers that are centrally managed was increased and more suppliers were invited to the due diligence questionnaire.

Responsible supply chain	2021	2020	2019
Number of suppliers that have signed our Supplier Code of Conduct or have an equivalent standard	900	490	261
% of centrally managed suppliers that completed the due diligence questionnaire	91%	98%	90%

Community involvement and volunteering

We provide knowledge, experience, resources, and funding to support local communities. Our people, products, and services are available in areas of need to make a sustainable, long-term positive impact. We support community efforts that are aligned with our strategy and the UN Sustainable Development Goals we focus on, have a high degree of local impact and create personal engagement amongst our employees. In 2021, our businesses engaged in over 100 community projects. One of these products provided over 35,000 clinicians in resource limited areas with free access to UpToDate, training, and support.

Community contributions *in thousands of euros*	2021	2020	2019
Community contributions in cash	1,508	1,136	759
Community contributions in kind	3,586	2,906	813
Management cost related to community contributions	43	35	35
Total	**5,137**	**4,077**	**1,607**

Our Volunteer Day Off program offers all employees up to one day off each year to spend supporting eligible non-profit organizations. In 2021, 292 days were spent by employees volunteering under the program.

Our Green is Green program is a voluntary network of employees who champion environmentally-sound practices. With the majority of offices closed for most of 2021 due to the global pandemic, the Green is Green network focused on raising awareness by organizing and participating in virtual events, including an all-employee webinar on the prevention of global warming. Also, several teams around the world participated in tree planting activities and joined World Cleanup Day by removing litter and waste from environmental habitats.

NON-FINANCIAL INFORMATION STATEMENT

We disclose non-financial information as required under the Non-Financial Information Decree (Besluit bekendmaking niet-financiële informatie) and section 2:391(1) of the Dutch Civil Code. As such, we have issued a non-financial information statement. The table below provides an overview of the relevant sections per topic.

Responsible supply chain	*Sub-topic*	*Relevant sections of annual report*
Business model	Description of the company's business model	Business Model and Strategy Stakeholders and Value Creation
Environmental matters	Description of policies Outcome of policies How risks are managed Non-financial key performance indicators: • % revenues from digital and services; • Number of suppliers that signed our Supplier Code of Conduct or have their own equivalent; • Real estate rationalization percentage reduction; and • Number of servers decommissioned.	Environmental Responsibility Social Responsibility/Responsible supply chain Risk Management/Operational resilience Materiality
Social and employee matters	Description of policies Outcome of policies How risks are managed Non-financial key performance indicators: • Percentage of female diversity; • Percentage of ethnic diversity (U.S.); • Employee engagement score; • Employee belonging score; • Employee turnover rate; and • Community contributions.	Employee Engagement and Talent Management Diversity, Equity, Inclusion, and Belonging Social Responsibility Risk Management/People and organization Materiality
Human rights matters	Description of policies Outcome of policies How risks are managed Non-financial key performance indicators: • Number of suppliers that signed our Supplier Code of Conduct or have their own equivalent; and • Living wage benchmark.	Social Responsibility Materiality Risk Management/Regulatory and compliance
Anti-corruption and bribery matters	Description of policies Outcome of policies How risks are managed Non-financial key performance indicators: • Percentage of employees that completed the Annual Compliance Training; • Number of SpeakUp concerns; and • Number of suppliers that signed our Supplier Code of Conduct or have their own equivalent.	Ethics, Compliance, and Governance Social Responsibility/Responsible supply chain Materiality Risk Management/Corruption and bribery

Sustainability continued

EU TAXONOMY REGULATION DISCLOSURE

We disclose information on how and to what extent our activities are associated with economic activities that qualify as environmentally sustainable in accordance with Regulation of the European Union 2020/852 (Taxonomy Regulation). The Taxonomy Regulation lays out a classification system to define environmentally sustainable economic activities based on technical screening criteria. During 2021, we reviewed our economic activities against the technical screening criteria for economic activities with significant contribution to climate change mitigation and adaptation (as described in Annex I and Annex II of the Delegated Act supplementing the Taxonomy Regulation), to determine whether we have any Taxonomy-eligible activities. After careful review of the technical screening criteria, we have concluded that none of the economic activities carried out by Wolters Kluwer can be considered as eligible activity under the Taxonomy Regulation.

Governance

SECTION OVERVIEW

Corporate Governance

This chapter provides an outline of the broad corporate governance structure of the company. Wolters Kluwer N.V., a publicly listed company organized under Dutch law, is the parent company of the Wolters Kluwer group. The corporate governance structure of the company is based on the company's Articles of Association, the Dutch Civil Code, the Dutch Corporate Governance Code (the 'Corporate Governance Code'), and all applicable laws and regulations.

INTRODUCTION

The company has a two-tier board structure consisting of an Executive Board and a Supervisory Board. The Executive Board and the Supervisory Board are responsible for the corporate governance structure. This Corporate Governance chapter includes the corporate governance statement as specified in section 2a of the Decree with respect to the contents of the annual management report (Besluit inhoud bestuursverslag). Wolters Kluwer complies with all Principles and Best Practice Provisions of the Corporate Governance Code, unless stipulated otherwise in this chapter. Potential future material corporate developments might after thoughtful considerations, justify deviations from specific topics and recommendations as included in the Corporate Governance Code, which will always be clearly explained.

The Dutch Corporate Governance Code is available at *www.mccg.nl*

Executive Board

The Executive Board consists of the CEO and CFO and is entrusted with the management and day-to-day operations of the company. The Executive Board is responsible for achieving the company's aims, the strategy and associated risk profile, the development of results, and sustainability. The responsibilities are set out in the By-Laws of the Executive Board, which have been approved by the Supervisory Board. In fulfilling its management responsibilities, the Executive Board takes into account the interests of the company and its affiliated business, as well as the relevant interests of the company's stakeholders. The members of the Executive Board are appointed by the General Meeting of Shareholders. The full procedure for appointment and dismissal of members of the Executive Board is explained in the company's Articles of Association. Information on the members of the Executive Board is provided in the section *Executive Board and Supervisory Board.*

→ **See our Executive Board and Supervisory Board on** page 70

Remuneration

The remuneration of the Executive Board is determined by the Supervisory Board based on the remuneration policy adopted by the General Meeting of Shareholders. In line with Dutch law, which implements the amended European Shareholder Rights Directive, the Supervisory Board proposed an amended remuneration policy to the 2021 Annual General Meeting of Shareholders. The amended policy was adopted by a majority of 97% of the share capital represented. The Supervisory Board is responsible for the execution of the remuneration policy, based on the advice of the Selection and Remuneration Committee. Detailed information about the remuneration policy and its application in 2021 can be found in the *Remuneration Report.*

Under the Long-Term Incentive Plan (LTIP), Executive Board members can earn ordinary shares after a vesting period of three years, subject to clear and objective three-year performance criteria established in advance. In the amended remuneration policy, the Executive Board members are required, in line with Best Practice Provision 3.1.2 (vi) of the Corporate Governance Code, to hold the earned shares (net of taxes) after vesting for two more years (starting with the 2021-2023 performance period). However, if an Executive Board member is eligible for a company-sponsored deferral program and chooses to participate by deferring LTIP proceeds upon vesting, then such Executive Board member will be required to hold the remaining vested shares or a minimum of 50% of vested shares (net of taxes), whichever is higher, for a two-year period. For the performance periods up to and including the 2020-2022 cycle, Executive Board members are not required to retain the shares for a period of two years post vesting.

Term of appointment

Since the introduction of the first Corporate Governance Code in 2004, Executive Board members are appointed for a period of four years, after which reappointment is possible, in line with Best Practice Provision 2.2.1 of the Corporate Governance Code. The existing contract with Ms. McKinstry, who was appointed before the introduction of the first Corporate Governance Code and has an employment contract for an indefinite period, will remain honored.

Severance arrangements

With respect to future Executive Board appointments, the company will, as a policy, comply with Best Practice Provision 3.2.3 of the Corporate Governance Code regarding the maximum severance remuneration in the event of dismissal. In line with this Best Practice Provision, the contract with Mr. Entricken contains a severance payment of one year's base salary. However, the company will honor the existing contract with Ms. McKinstry who was appointed before the introduction of the first Dutch Corporate Governance Code.

Change of control

The employment contracts of the Executive Board members and a small group of senior executives contain stipulations with respect to a change of control of the company. According to these stipulations, in the case of a change of control, the relevant persons will receive 100% of the number of conditional rights on shares awarded to them with respect to pending Long-Term Incentive Plans of which the performance periods have not yet ended. In addition, they are entitled to a cash severance payment if their employment agreements would end following a change of control.

Supervisory Board

The Supervisory Board supervises the policies of the Executive Board and the general affairs of the company and its enterprise, taking into account the relevant interests of the company's stakeholders, and advises the Executive Board. The supervision includes the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting. The Supervisory Board also has due regard for sustainability matters. In addition, certain resolutions of the Executive Board must be approved by the Supervisory Board. These resolutions are listed in the By-Laws of the Supervisory Board and include:

- Transactions in which there are conflicts of interest with Executive Board members that are of material significance for the company or the Executive Board member;
- Acquisitions or divestments of which the value is at least equal to 1% of the consolidated revenues of the company;
- The issuance of new shares or granting of rights to subscribe for shares; and
- The issuance of bonds or other external financing of which the value exceeds 2.5% of annual consolidated revenues.

The responsibilities of the Supervisory Board are set out in the By-Laws of the Supervisory Board.

Appointment and composition

The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of Supervisory Board members is explained in the company's Articles of Association. The current composition of the Supervisory Board can be found in the sections *Executive Board and Supervisory Board*, and *Report of the Supervisory Board.* The composition of the Supervisory Board will always be such that the members are able to act critically and independently of one another, the Executive Board, and any particular interests. As a policy, the Supervisory Board in principle aims for all of its members to be independent of the company, which is currently the case. The independence of Supervisory Board members is monitored on an ongoing basis, based on the criteria of independence as set out in Best Practice Provisions 2.1.7 and 2.1.8 of the Corporate Governance Code and Clause 1.5 of the Supervisory Board By-Laws.

The number of supervisory board memberships of all Supervisory Board members is limited to such extent that the proper performance of their duties is assured. The number of board memberships of all Supervisory Board members is currently in compliance with the maximum number of board seats allowed under Dutch law.

Further information on the Supervisory Board members can be found in the section *Executive Board and Supervisory Board*.

→ **See Executive Board and Supervisory Board on** page 70

Provision of information

We consider it important that the Supervisory Board members are well-informed about the business and operations of the company. The Chair of the Supervisory Board, the CEO and Chair of the Executive Board, and the Company Secretary monitor, on an ongoing basis, that the Supervisory Board receives adequate information. In addition, the CEO sends written updates to the Supervisory Board about important events. The Chair of the Supervisory Board and the CEO hold several meetings and calls per year outside of formal meetings, to discuss the course of events at the company.

The Supervisory Board also has direct contact with layers of management below Executive Board level. Operating managers, including divisional CEOs, are regularly invited to present to the Supervisory Board on the operations in general and business development. In addition, the company facilitates visits to business units and individual meetings with staff and line managers. Various members of staff also attend Audit Committee meetings.

Corporate Governance continued

50%

of the Executive Board members are female

Committees of the Supervisory Board

The Supervisory Board has two standing committees: the Audit Committee and the Selection and Remuneration Committee. The responsibilities of these committees can be found in their respective Terms of Reference. A summary of the main activities of these committees, as well as the composition, can be found in the *Report of the Supervisory Board*.

Remuneration

The remuneration of the Supervisory Board members is determined by the General Meeting of Shareholders. The remuneration does not depend on the results of the company. The Supervisory Board members do not receive shares or stock options by way of remuneration, nor are they granted loans. The remuneration policy was adopted by the General Meeting of Shareholders in 2020. For more information on remuneration, see *Remuneration Report*.

→ **See Remuneration Report on** page 76

Diversity

The company's diversity policy for the Supervisory Board, Executive Board, and division CEOs is included as Annex to the Supervisory Board By-Laws. Elements of diversity include nationality, gender, age, and expertise. The target is to have a representation of at least 30% male and at least 30% female, both in the Supervisory Board and the Executive Board, and at the division CEO level.

Currently, 43% of the Supervisory Board members are female, 50% of the Executive Board members are female, and 50% of the operating division CEOs are female. The Supervisory Board composition also comprises expertise within the broad information industry as well as specific market segments in which the company operates. Four nationalities are represented on the Supervisory Board. The composition of the Executive Board and the Supervisory Board is in line with our diversity policy, Dutch law, and the competency, skills, and experience requirements.

→ **See our Executive Board and Supervisory Board on** page 70

Insider Dealing Policy

The members of the Executive Board and the Supervisory Board are bound to the Wolters Kluwer Insider Dealing Policy and are not allowed to trade in Wolters Kluwer securities when they have inside information or during closed periods. These periods begin either on the first business day of the quarter, or 30 calendar days prior to the publication of Wolters Kluwer's annual results, half-year results, first-quarter trading update, and nine-month trading update, whichever is earlier. The day after the announcement of these results or updates, the Board members can trade again, with prior approval of the securities compliance officer, which will be granted if they do not have inside information at that point in time.

Culture

Our purpose is to help professionals deliver deep impact when it matters most. The Executive Board has adopted company values that serve as guidelines for our employees and are at the heart of the company's future success. Our values propel us to put the customer at the center of everything we do, honor our commitment to continuous improvement and innovation, aim high and deliver the right results, and most importantly: win as a team. Our values are a key part of our company culture and are also integrated into our Code of Business Ethics, that sets forth the ethical standards that are the basis for our decisions and actions, and for achieving our goals. Our Code of Business Ethics provides more specific guidance on how we live our values. The Executive Board and the Supervisory Board are committed to ensure high standards of ethics and integrity and promote openness through our SpeakUp program. More information on our Code of Business Ethics and SpeakUp program can be found in the chapter *Sustainability*.

→ **Read more about our Code of Business Ethics on** page 47

Risk management

The Executive Board is responsible for identifying and managing the risks associated with the company's strategy and activities and is supervised by the Supervisory Board. The Audit Committee undertakes preparatory work for the Supervisory Board in this area. Wolters Kluwer has implemented internal risk management and control systems which are embedded in the operations of the businesses to identify significant risks to which the company is exposed, and to enable the effective management of those risks. The aim of the systems is to provide a reasonable level of assurance on the reliability of financial reporting. For a detailed description of the risks and the internal risk management and control systems, reference is made to *Risk Management*.

→ **See Risk Management on** page 58

Environmental, Social, and Governance matters

The Executive Board and the Supervisory Board are committed to Wolters Kluwer's sustainability strategy. Throughout the annual report, the separate 2021 Environmental, Social, and Governance Data Overview, and a dedicated section on our website, we report on goals and progress of our sustainability activities and accomplishments.

The Environmental, Social, and Governance Data Overview is available at *www.wolterskluwer.com/en/investors/financials/annual-reports*

Shareholders and the General Meeting of Shareholders

At least once a year, Wolters Kluwer holds a General Meeting of Shareholders. The agenda of the Annual General Meeting of Shareholders shall in each case contain the report of the Executive Board, the report of the Supervisory Board, the remuneration report, the adoption of the financial statements, and the proposal to distribute dividends or other distributions. Resolutions to release the members of the Executive Board and the Supervisory Board from liability for their respective duties is voted on separately.

In 2021, shareholders with voting rights for approximately 79% of the issued capital of the company were represented at the Annual General Meeting of Shareholders. Shareholders who alone or jointly represent at least half a percent (0.5%) of the issued capital of Wolters Kluwer shall have the right to request the Executive Board or Supervisory Board to put items on the agenda of a General Meeting of Shareholders, provided that such requests are made in writing at least 60 days before a General Meeting of Shareholders.

Amendment Articles of Association

A resolution to amend the Articles of Association may only be passed by the General Meeting of Shareholders at the proposal of the Executive Board, subject to the approval of the Supervisory Board. The most recent amendment of the Articles of Association took place in 2016.

Issuance of shares

The Articles of Association of the company determine that shares may be issued at the proposal of the Executive Board and by virtue of a resolution of the General Meeting of Shareholders, subject to designation of the Executive Board by the General Meeting of Shareholders. At the Annual General Meeting of Shareholders of April 22, 2021, the Executive Board was granted the authority for a period of 18 months to issue new shares, with exclusion of pre-emptive rights, subject to approval of the Supervisory Board. The authorization is limited to a maximum of 10% of the issued capital on the date of the meeting.

Acquisition of shares in the company

Acquisition of shares in the company (share buybacks) may only be effected after authorization by the General Meeting of Shareholders, and while respecting the restrictions imposed by the Articles of Association of the company. At the Annual General Meeting of Shareholders of April 22, 2021, the authorization to acquire shares in the company was granted to the Executive Board for a period of 18 months. The authorization is limited to a maximum of 10% of the issued capital on the date of the meeting. On December 31, 2021, Wolters Kluwer N.V. held 4,323,699 shares in the company (1.65% interest).

Preference shares

Wolters Kluwer N.V. and the Wolters Kluwer Preference Shares Foundation (the Foundation) have concluded an agreement based on which preference shares can be taken by the Foundation. This option on preference shares is at present a measure that could be considered as a potential protection at Wolters Kluwer against exercising influence by a third party on the policy of the company without the consent of the Executive Board and the Supervisory Board, including events that could threaten the strategy, continuity, independence, identity, or coherence between the activities of the company. The Foundation is entitled to exercise the option on preference shares in such a way that the number of preference shares taken will be no more than 100% of the number of issued and outstanding ordinary shares at the time of exercise. Among others by the exercise of the option on the preference shares by the Foundation, the Executive Board and the Supervisory Board will have the possibility to determine their position with respect to, for example, a party making a bid on the shares of Wolters Kluwer and its plans, or with respect to a third party that otherwise wishes to exercise decisive influence, and enables the Boards to examine and implement alternatives. All members of the Board of the Foundation are independent from the company.

→ **See the Report of the Wolters Kluwer Preference Shares Foundation on** page 215

Information pursuant to Decree Clause 10 Take-over Directive

The information specified in both clause 10 of the Take-over Directive and the Decree, which came into force on December 31, 2006 (Decree Clause 10 Take-over Directive), can be found in this chapter and in *Wolters Kluwer Shares and Bonds*.

→ **See Wolters Kluwer Shares and Bonds on** page 216

Legal structure

The ultimate parent company of the Wolters Kluwer group is Wolters Kluwer N.V. In 2002, Wolters Kluwer N.V. abolished the voluntary application of the structure regime (structuurregime). As a consequence, the structure regime became applicable to Wolters Kluwer Holding Nederland B.V., which is the parent company of the Dutch operating subsidiaries. Wolters Kluwer International Holding B.V. is the direct or indirect parent company of the operating subsidiaries outside of the Netherlands.

For additional information and documents related to the Corporate Governance structure of Wolters Kluwer, including the Articles of Association, By-Laws of the Executive Board, By-Laws of the Supervisory Board, Terms of Reference of the Audit Committee, Terms of Reference of the Selection and Remuneration Committee, and the Remuneration Policy for the Supervisory Board, please visit the Corporate Governance section on our website.

The Articles of Association, By-Laws of the Executive Board, By-Laws of the Supervisory Board, Terms of Reference of the Audit Committee, Terms of Reference of the Selection and Remuneration Committee, and the Remuneration Policy for the Supervisory Board are available at *www.wolterskluwer.com/en/investors/governance/policies-and-articles*

Risk Management

This section provides an overview of Wolters Kluwer's approach to risk management, the main risks facing the company and the organization, as well as processes and actions to identify, assess, and mitigate these risks.

Responsibility for risk management

The Executive Board is responsible for overseeing risk management and internal controls within Wolters Kluwer. The CEO is responsible for Strategic and Operational risks, and the CFO is responsible for Legal & Compliance and Financial & Financial Reporting risks. See page 60 for an overview of these risks.

The company has implemented internal risk management and control processes, which are generally integrated into the operations of the businesses. The aim is to timely identify significant risks to which the company is exposed, to enable the effective management of those risks, and to provide a reasonable level of assurance on the reliability of the financial reporting of the Wolters Kluwer group.

The Executive Board reviews an annual assessment of pertinent risks and mitigating actions and diligently evaluates those outcomes against the defined risk appetite. Based on this assessment, the Executive Board reviews the design and effectiveness of the internal risk management and control systems, taking into consideration the company's risk appetite and the observations and reports of internal assurance functions and the Corporate Risk Committee. The internal risk management and control systems cannot provide absolute assurance regarding the achievement of the company's objectives or the reliability of the financial reporting, or entirely prevent material errors, losses, fraud, and violation of applicable laws and regulations.

Managing risks is integrated into the conduct of business of our divisions and operating entities, supported by several staff functions. The Executive Board is informed by division management about risks as part of the regular planning and reporting cycles on divisional and operational entity levels. The Corporate Risk Committee, consisting of representatives of various functional departments, meets periodically and monitors material risks and remediating actions with a focus on company-wide, non-business specific risks. This committee also oversees the mitigation of certain risks that emerge and require a centralized approach.

Risk management and control systems

The company has an Internal Control Framework for financial reporting (ICF), based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) 2013 framework, which is designed to provide reasonable assurance that the results of the business are accurately reflected in its internal and external financial reporting.

The ICF is deployed by the operating business units and central functions: the Corporate Office, Global Business Services, and the Digital eXperience Group, and reviewed and tested by internal control officers. An annual risk assessment program for financial and IT general control risks determines the scope and controls to be tested. As part of that scope, key controls are tested annually. The results of testing are reported to the Executive Board, the Audit Committee, and internal auditors on a quarterly basis. Where needed, remedial action plans are designed and implemented to address significant risks as derived from internal control testing, and internal and external audits.

Internal audit and risk management functions

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to further improve, where deemed fit for purpose, the maturity of operations of Wolters Kluwer. It assists in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal controls. The global Internal Audit department works according to an audit plan which is discussed with the external auditors, the Executive Board, and the Audit Committee. The plan is approved by the Executive Board and the Supervisory Board. The audit plan is based on risk assessments and focuses on strategy execution, financial reporting risks, and operational risks, including IT-related risks.

The global Risk Management department facilitates risk prevention, protection, response, and recovery programs via procurement of insurance; incident and related claims management, and business continuity management; loss control programs, and other initiatives to mitigate specific risks. The Internal Audit, Internal Control, Group Accounting & Reporting, Law and Compliance, Treasury, Tax, and Risk Management departments provide quarterly reports to the Audit Committee and the Executive Board.

Risk categories and risk appetite

The following pages outline the 22 main risks the company has assessed up to the date of this annual report. It is not the intention to provide an exhaustive description of all possible risks. There may be risks that are not yet known or the company has not yet fully assessed. It is also possible that existing risks have been assessed as not significant, which could in the future develop into a material exposure for the company and have a significant adverse impact on its business. The company's risk management and internal control systems have been designed to identify, mitigate, and respond to risks in a timely manner. However, absolute assurance cannot be attained.

The risk appetite of the main risks is qualified as balanced, conservative, or minimal. To achieve its strategic goals, Wolters Kluwer is prepared to take duly balanced risks in certain strategic areas, such as acquisitions, expansion in high-growth countries, and the launch of new innovative products. With respect to other risk categories, the approach of the company towards risks could be qualified as conservative, and as minimal for regulatory and compliance and financial reporting risks. The company carefully weighs risks against potential rewards. Actions to prevent and mitigate risks and uncertainties are summarized for each of the individual risks on the following pages. Wolters Kluwer's risk profile has been impacted by the global pandemic that has ramifications across many risk areas. Although this does not lead to major changes in risk ratings, there are shifts in focus within existing risks, mainly by increasing impact and/or probability.

Risk Management continued

STRATEGIC
- Economy and markets
- Products
- Competition
- Trends impacting business models
- Mergers and acquisitions
- Divestments

OPERATIONAL
- IT and cybersecurity
- Supply chain, technological developments, and projects
- People and organization
- Fraud
- Operational resilience
- Brand and reputation

LEGAL & COMPLIANCE
- Regulatory and compliance
- Corruption and bribery
- Contractual compliance
- Intellectual property protection
- Third-party claims
- Legislative developments

FINANCIAL & FINANCIAL REPORTING
- Treasury
- Post-employment benefits
- Taxes
- Misstatements, accounting estimates and judgments, and reliability of systems

STRATEGIC RISKS

Risk description and impact	*Mitigation*
Economy and markets Global and regional economic conditions may have a negative effect on several products. The impact of these conditions on the overall portfolio will depend on the severity of the economic issue, the countries or regions affected, and potential government responses. Our more cyclical products, which include training activities, advertising, books (Health/Legal & Regulatory), and lending-related and corporate formation-related transactions (Governance, Risk & Compliance), may be especially sensitive to economic conditions.	In 2021, the company continued the progress to shift the company's portfolio towards digital and high-growth businesses. Recurring revenues represent 80% of the company's consolidated revenues, reinforcing the company's resilience. Furthermore, revenues come from a variety of product types, customer segments, and geographic areas, bringing benefits of diversification. We also monitor our revenue exposure by geography – the U.S. is our largest market and Europe our second largest. Businesses that are sensitive to cyclical, transactional, or economic trends use cost optimization levers to defend margin as revenues shrink. We continue to focus on retention, cross-sell, upsell, defensive pricing, and pivoting new sales efforts to stronger industries and customer sub-segments. We continue to reshape the business through innovation, product development, and strategic acquisitions and divestments. The company monitors relevant political and macroeconomic issues (e.g., global pandemic, Brexit, energy markets) in terms of risks and opportunities.
Products The rate of decline in our legacy print revenues (8% of total revenues), which includes books and print-based subscriptions, may accelerate. Our print revenues are mainly in Health and Legal & Regulatory, with a small amount in Tax & Accounting.	The company mitigates the decline of print-related revenues by migrating customers from print to digital products, retention, and upselling opportunities. In addition, the company continues to assess its portfolio, leading to the divestment of non-core businesses being offset by acquisitions in growth markets and segments and organically-driven revenue growth.
Competition Wolters Kluwer faces competitive challenges from existing and new competitors, including free availability of some sources of information.	The company's offerings are varied and very specialized, across multiple customer segments – which is a natural defense against the larger existing or new potential competitors. Strategically, we continue to invest 8%-10% of revenues annually in product development to expand offerings in *expert solutions* and services in order to drive our competitive positioning and support innovation and growth, as well as the ongoing transformation of our information products.

STRATEGIC RISKS CONTINUED

Risk description and impact	*Mitigation*
Trends impacting business models Technological, cultural, or demographic trends might affect current business models. These developments could include disruptive technologies, such as the impact of artificial intelligence on the activities of professionals. In addition, new generations of professional customers might expect a different approach and different tools and solutions to support them in their work.	The company actively monitors trends in the markets in which the company operates and that might affect its business in the future. We focus on evolving customer needs by closely monitoring net promoter scores, actively engaging via customer advisory boards, hosting and participating in leading industry conferences, and analyzing competitive offerings. Further, we have expanded the use of advanced technologies and invested in cloud readiness/migration throughout the company via our technology centers of excellence, Global Innovation Awards program, and division-specific initiatives. Deep understanding of our customers, enabled by strong advanced technological capabilities, continues to allow the company to transform its portfolio of information, *expert solutions*, and services and ensures alignment with longer-term trends. Finally, maintaining a diverse and technically skilled workforce with a good understanding of current and future customer needs also contributes to safeguarding future value creation by the company.
Mergers and acquisitions Risks with respect to acquisitions primarily relate to the integration of the acquired companies, changing economic circumstances, customer retention, controls surrounding their information security and supply chain, competitive dynamics, retaining key personnel, and realization of projected sales and synergies.	The company has strict strategic and financial criteria for acquiring new businesses. The company's investment decisions are very selective: the focus is on businesses with proven track records (relatively lower risk) that are relatively predictable. We conduct broad-based due diligence of acquisitions, using internal expertise and external due diligence professionals. We also maintain relationships with preferred due diligence suppliers who have deep expertise in our targeted sectors, and incorporate lessons learned from prior transactions. We are incorporating more focus on privacy and IT security diligence, as well as more standardized IT/software diligence external support. The company uses contractual indemnities and warranties from the seller, and deal structures to retain management and assure alignment between the purchase price and the performance of the acquired company. Generally, acquisitions are expected to be accretive to adjusted earnings per share in year one and cover the company's weighted average cost of capital within three to five years. Post-merger integration plans are developed with assistance from the company's internal corporate integration team. The Executive Board approves an acquisition integration plan prior to completing an acquisition, which is actively managed and monitored after completion. In addition, capital allocation to mergers and acquisitions is balanced across divisions and geographies.
Divestments Execution of the company's strategy is also supported by the divestment of non-core businesses. The ability to successfully divest operations can depend on economic and market circumstances, competitive dynamics, contractual obligations, shared costs within the group, the ability of the business to operate stand-alone, retention of key personnel, the buyer's ability to realize synergies, and other factors.	To mitigate risks related to material divestments, the company prepares carve-out financials, usually carries out a vendor due diligence, and engages external experts for such due diligence and execution of the transaction.

Risk Management continued

OPERATIONAL RISKS

Risk description and impact	*Mitigation*
IT and cybersecurity **Wolters Kluwer is exposed to IT-related risks and cyber threats that could affect the IT infrastructure and system availability, applications availability, and the confidentiality and integrity of information.**	The company takes active steps to mitigate IT and cybersecurity risks by increasing the investment in a globally managed cybersecurity program to effectively manage execution of project plans and provide management accountability at various levels. The company adopted the National Institute of Standards and Technology, Cyber Security Framework (NIST-CSF) to expand the maturity-based model of our cybersecurity program into a risk-based model. Further, we matured our controls for industry requirements by continuously assessing them against industry compliance programs, i.e., SOC 2 and ISO requirements. Also, we further strengthened IT disaster recovery and updated our incident management capabilities to account for cyberattacks. The Annual Compliance Training program for all employees was again provided in 2021, consisting of policy education and online security modules. We have now updated and aligned all local policies/standards with global policies. We implemented a mobile device management solution to protect our mobile devices and are actively implementing multi-factor authentication to all users accessing our main internal IT systems. We completed SOC 2 assessments on our cloud-managed services and conducted risk evaluations for all our critical vendors through questionnaires, and online and on-site assessments. Further, we improved network resilience with the implementation of the network peering point, and customer service availability with the implementation of an additional cloud-based solution. IT General Controls form an integral part of Wolters Kluwer's Internal Control Framework and are aligned with the Global Information Security Policy. Controls over data and security programs are periodically tested to ensure confidential and sensitive data are adequately protected. The company will continue to strengthen its security and incident response plans throughout 2022. IT and cybersecurity are standing Corporate Risk Committee agenda items.
Supply chain, technological developments, and projects **Our businesses could be adversely affected by the dependency on our supply chain, including but not limited to parties delivering cloud services, outsourced and offshored data center services, software as a service, software development, and maintenance activities, including back-office transactions processing. Implementing new technology-related initiatives for delivering our products and services, as well as achieving cost efficiencies through technology/IT sourcing initiatives, is inherently complex and is subjected to many execution risks during the development and implementation phases.**	To mitigate supply chain risks, the company applies third-party risk management criteria when choosing external partners and ensures detailed operating and service agreements with these providers. The procurement center of excellence and our third-party risk management function support our sourcing and procurement operations. This includes a sourcing and procurement-wide enterprise solution and streamlined processes to further centralize our supplier onboarding and third-party risk management activities. We monitor progress and performance of key vendors during the term of agreement by oversight boards and program management teams. Centrally managed suppliers are subject to due diligence screening and requested to sign the Wolters Kluwer Supplier Code of Conduct or provide an equivalent standard. Over the past years, we have set a roadmap for consolidation and simplification of IT infrastructure and for implementing more service capabilities to support customers.

OPERATIONAL RISKS CONTINUED

Risk description and impact	*Mitigation*
Supply chain, technological developments, and projects continued	In 2021, with the support of a top tier consulting firm, we developed a best-in-class supply chain risk management design. The design addresses a consistent and compliant intake process; centralization of third-party data, including service and geographic information; the assessment of risk prior to contracting, including a formalized issue management process; tailored contracting to manage customer expectations; monitoring of service delivery against agreements; and comprehensive population and third-party level reporting to business leadership, with the ability to respond quickly to specific inquiries. In 2022, we start to implement the new design, which is a multi-year project. In response to market developments caused by the global pandemic (e.g., U.S. vaccine mandates), geopolitical risks, and cybersecurity threats (e.g., Log4j) our priority is to ensure business continuity and legal compliance. We are using different types of supplier base segmentations based on the supplier risk profile and the likelihood of the risk to occur. To quickly inform business leadership of the most accurate information, we created specific dashboards that are refreshed daily to share major insights and exposures. The Corporate Quality Assurance team aims to improve the success of large change initiatives by providing assurance that key projects can move to the next stage of development or implementation, and by transferring lessons learned from one project to another. This team also supports standardization of change methodologies and frameworks.
People and organization **The success of the company is highly dependent on its ability to attract, develop, and retain talent with the skills and experience to deliver on current and future requirements.**	The company continues to prioritize the attraction, development, and retention of the talent we need to support our success. With our new market-leading cloud solutions in place, we are creating an increasingly enhanced experience for candidates and employees as we drive efficiency and expand our analytics to support a data-driven approach to recruiting, better understand our workforce and the opportunities we have to increase engagement, target our talent development efforts, and better align reward strategies to market. We continue to expand our rewards infrastructure to maintain competitiveness, particularly in critical talent segments, and are coupling that with expanded talent management programs to build out the next generation of career progression tools, succession planning, and company-sponsored learning programs. We are expanding our Diversity, Equity, Inclusion, and Belonging (DEIB) focus to ensure we have a highly engaged workforce and have named an executive leader to drive our ongoing DEIB efforts. We are continuing our practice of surveying the workforce to ensure management maintains a current view of employee engagement and insights for how to continuously improve it, including how to best support employees during the pandemic, which was and continues to be a priority to ensure all our colleagues stay safe, productive, and connected.

Risk Management continued

OPERATIONAL RISKS CONTINUED

Risk description and impact	*Mitigation*
Fraud **In the conduct of its business, the company may be exposed to internal or external fraudulent or related criminal actions, including cyberfraud/malicious acts where a bad actor attempts to take something of value (tangible or intangible assets) from the company. With the ongoing global pandemic as well as the uptick in ransomware attacks globally, we expect that this risk for both internal and external/cyberfraud risks may be amplified and continue to assess the measures in place.**	Governance: The Corporate Risk Committee frequently reviews potential exposure to fraudulent activities in order to take appropriate and timely action. On an ongoing basis, the company evaluates and improves anti-fraud related process controls and procedures to mitigate this risk and build employee awareness across the organization. We conduct regular reviews of adherence to the Code of Business Ethics, the Wolters Kluwer Internal Control Framework, and other relevant frameworks and policies. These include strict policies on segregation of duties, risk-based internal audits, (fraud) risk assessment activities throughout the business, staff training, and information sharing. Identify/protect/detect: We focus on anti-fraud risk awareness at many levels and through many channels. In addition to the activities undertaken by technology and information security functions, anti-fraud awareness activities include, among other things, annual compliance training, company-issued fraud alerts, and anti-fraud/anti-cybercrime workshops and training sessions within at-risk businesses and functions. We use case studies and best practices to further raise global fraud awareness and reduce social engineering risks. We also consider fraud risk and related measures in our Supplier Code of Conduct and weave anti-fraud protections into vendor management, payment card, and banking practices. Respond/recover: Employees (and our vendors) are encouraged to “pause for cause” and report suspected activities, including fraud, via appropriate channels. For example, employees may report via SpeakUp or via cybercrime/fraud incident reporting systems, supported by incident responders who guide matters from intake through conclusion.
Operational resilience **Resilience focuses on how to prepare for, protect against, respond to, recover, and learn from risk threats and covers incident management, business continuity, operational recovery, and IT disaster recovery. The company could be exposed to damages to its tangible assets (e.g., facilities, IT systems, hardware) and intangible assets (data, brand, reputation, and software) which could cause business interruption and financial or other loss. During 2021, this risk exposure generally increased due to the global pandemic and rises in cybercrime, climate change, natural catastrophe, and civil unrest events throughout the world.**	Generally, to mitigate operational resilience risks, the company has implemented a centralized worldwide risk control and business continuity management program. Regular loss control surveys of key operating companies and supplier locations are conducted by company risk managers and our insurers. They work with our operating companies to cost-effectively implement recommendations for continued improvement. The company maintains a multi-disciplinary Global Incident Management Program to strengthen the ability to manage crises and incidents, irrespective of the type. Incident management is a standing agenda topic of the Corporate Risk Committee and incidents are reported quarterly to the Audit Committee. Likewise, the company continues to enhance disaster recovery capabilities. More specifically, impacts related to 2021 risks were mitigated via the company’s operational resilience programs mentioned above, the continuing evolution of our disaster recovery capabilities, the consolidation/reduction of global real estate footprint, and our ability to continue business, i.e., virtually conduct our largely digital business in a safe, interconnected, and productive way. In 2021, we integrated climate change into our enterprise risk assessment process. Based on our initial assessment, our business has a limited exposure based on the nature of our activities and our focus on digital products and services. Our geographically diversified personnel and support centers have capabilities to cover and adapt between regions. We continue to further evaluate and monitor developments in this space.

OPERATIONAL RISKS CONTINUED

Risk description and impact	*Mitigation*
Brand and reputation **With the increasing prominence of the Wolters Kluwer brand, the company potentially becomes more vulnerable to brand or reputation risks.**	To mitigate brand and reputation risks, the company has established the cross-functional Global Brand Organization that oversees the brand strategy and implementation work by the Global Branding & Communications (GBC) team. The GBC team closely works with other corporate functions and the businesses to grow the equity and awareness of the brand while monitoring any potential reputational risks. The GBC team implemented a tool to monitor conversations globally around the brand and on thought leadership in the media and on social media. The perception of risk and trust has been heightened by the global pandemic causing customers and society to rethink and reset. Wolters Kluwer has played a vital role to help manage uncertainty during these unprecedented times through new solutions, webinars, online classrooms, and topical pages. Insights are shared with internal stakeholders including the Global Brand Organization.

LEGAL & COMPLIANCE RISKS

Risk description and impact	*Mitigation*
Regulatory and compliance **The company can be exposed to non-compliance with laws, regulations, internal policies, or breach of covenant in financing and other agreements, and loss or suspension of business licenses. Non-compliance could result in fines, restrictions on business, third-party claims, and reputational damage.**	Compliance with laws and internal policies is an integral part of Wolters Kluwer’s Internal Control Framework, which includes semi-annual Letters of Representation, annual internal control testing, annual compliance risk assessments, and regular internal audits on compliance topics. Pertinent training programs are provided to all employees to create awareness about compliance subjects and mitigate compliance related risks. Our global SpeakUp program, which includes a reporting system, encourages employees to report any suspected non-compliance for investigation and remediation. We continue to implement a cross-functional enterprise-wide compliance program for privacy laws. Global data privacy training was provided to all employees. We continually evaluate whether legislative changes, regulatory developments, new products, or business acquisitions require additional compliance efforts.
Corruption and bribery **Wolters Kluwer businesses operate worldwide, which brings a high variety of business cultures and practices. In addition, our customers include governmental and semi-governmental organizations. These are factors which could potentially contribute to the risk of being exposed to corruption and bribery.**	In 2021, we rolled out a new global Anti-Bribery and Anti-Corruption Policy. This policy serves as an extension of our general policy in the Code of Business Ethics, which prohibits employees, either directly or indirectly, from offering, promising, demanding, or accepting bribes to obtain or retain business. Our new policy includes an enhanced process of due diligence, and our employees were trained on the new policy. We conduct due diligence screening of centrally managed suppliers that includes anti-bribery safeguards and the requirement to agree to the terms of our Supplier Code of Conduct or adhere to an equivalent standard. Finally, our global SpeakUp program encourages employees to report any suspected act of corruption or bribery.

Risk Management continued

LEGAL & COMPLIANCE RISKS CONTINUED

Risk description and impact	*Mitigation*
Contractual compliance The company could be exposed to claims by its contractual counterparties based on alleged non-compliance with contractual terms, such as, but not limited to, the number of users agreed upon, price commitments, and/or service delivery.	The company mitigates contractual compliance risks by negotiating contracts with attention to risk transfer clauses, representations, warranties, and covenants. For part of our vendor contracts, we use contract management systems to monitor material contractual rights and obligations, and software tools to track the use of software for which licenses are required. We launched a contract lifecycle management initiative to, among other things, facilitate compliance with third-party agreements. Contract playbooks assist the company's internal legal department in standardizing negotiation positions with respect to customer contracts. Further, our limitation of liability policy standardizes negotiation of liability provisions in Software as a Service (SaaS) and software agreements with customers, and establishes an exceptions process to ensure proper balancing of risks and benefits.
Intellectual property protection Intellectual property rights could be challenged, limited, invalidated, circumvented, or infringed. Technological developments make it increasingly difficult to protect intellectual property rights. Changes in legislation could have an impact on the ability to protect intellectual property rights.	Wolters Kluwer actively protects its intellectual property rights to safeguard its portfolio of information, software solutions, and services. The company relies on trademark, copyright, patent, and other intellectual property laws to establish and protect its proprietary rights to these products and services. We monitor legislative developments with respect to intellectual property rights. Our central trademarks database provides expert protection and supports the monitoring of our intellectual property. In 2021, a module on intellectual property protection was included in our annual all-employee compliance training.
Third-party claims The company may be exposed to litigation, administrative actions, and other claims by third parties, including claims relating to products, services (including software and SaaS offerings), informational content provided or published by the company, and employee and vendor relations. Such claims may be based on legal theories, such as alleged negligence, product liability, breach of contract, or infringement of third-party intellectual property rights.	The company mitigates these risks by striving to produce high-quality products, services, and content, and by generally including disclaimers and limitations of liability in its contracts. Our employees are made aware of requirements to ensure compliance with intellectual property laws and regulations. Further, the company's limitation of liability policy standardizes negotiation of liability provisions in software customer agreements. The company's insurance program covers certain types of exposures. The company manages a range of insurable risks by arranging insurance coverage for first-party and third-party liability exposures.
Legislative developments As a global information, software solutions, and services provider, changes in laws, legislation, or (temporary) trade restrictions could impact the company's business in certain jurisdictions.	The company monitors legislative developments and regulatory changes, including trade restrictions, to assess the potential impact on its businesses. In certain cases, the company partners with local companies to facilitate compliance with applicable laws. We monitor and comply with global executive and health agency orders, regulations, and laws in connection with the global pandemic. In 2021, we implemented enhanced screening technology for prospects and customers to timely address changes to sanctions and export controls. Further, we actively monitor developments in privacy laws and regulations on a global basis.

FINANCIAL & FINANCIAL REPORTING RISKS

Risk description and impact	*Mitigation*
Treasury Fluctuations in exchange and interest rates affect Wolters Kluwer's results.	It is the company's goal to mitigate the effects of currency and interest rate fluctuations on net profit, equity, and cash flow. Whenever possible, the company tries to do this by creating natural hedges, by matching the currency profile of income and expenses and of assets and liabilities. When natural hedges are not present, Wolters Kluwer strives to realize the same effect with the aid of derivative financial instruments. For this purpose, hedging ranges have been identified and policies and governance are in place, including authorization procedures and limits. The company purchases or holds derivative financial instruments only with the aim of mitigating risks and most of these instruments qualify for hedge accounting as defined in IFRS 9 Financial Instruments. The company does not purchase or hold derivative financial instruments for speculative purposes. More disclosure and detailed information on financial risks and policies is provided in *Note 30 – Financial Risk Management*. The Treasury Policy on market risks (currency and interest), liquidity risks, and credit risks is reviewed by the Audit Committee, with quarterly reporting by the Treasury Committee to the Audit Committee on the status of these financial risks. In 2021, we secured new funding by issuing a new €500 million seven-year Eurobond and extended the duration of our €600 million multi-currency revolving credit facility for one year, which diminished liquidity risk.
Post-employment benefits The company maintains a few post-employment benefit programs globally. Generally, these programs are defined contribution plans, while in some countries we have defined benefit plans, the largest of which is an active plan in the Netherlands, and next in size are the frozen or closed plans in the United States, the United Kingdom, Canada, Belgium, and Australia. In addition, in the U.S., we maintain a frozen U.S. Retiree Life Insurance Plan. For most of the active plans, the company as well as employees make investments for the future benefit of participants. For the frozen or closed plans, the company continues to ensure they are properly funded to provide the committed level of benefits to participants. From a risk point of view, funding requirements are influenced by interest rates and the investment returns on the assets invested in each respective plan, which are influenced by financial markets and economic conditions.	The company performs an ongoing evaluation of all plans to ensure we are market competitive with designs that minimize risk and volatility, while we continuously monitor opportunities to make the frozen/closed plans more efficient. In 2021, we executed an annuity buy-in for the Canada pension plan, transferring the liability to an insurer while protecting the benefits for participants, eliminating the risk and obligation for the company. We also annuitized our U.S. Retiree Life Insurance Plan, transferring the liability to an insurer while protecting the benefits for participants, eliminating the risk and obligation for the company for this plan as well. In the Netherlands, while there was a delay in the implementation of the Pension Accord, we have continued to plan for those eventual changes, working with the Pension Fund Board and external experts. As we have historically done, we continue to partner closely with independent expert advisors on market competitive plan design, plan performance monitoring, and defining investment and hedging strategies for all of our plans to maximize returns while managing downside risk. The accounting for defined benefit plans is based on annual actuarial calculations in line with IAS 19 Employee Benefits, disclosed in *Note 31 – Employee Benefits*.

Risk Management continued

FINANCIAL & FINANCIAL REPORTING RISKS CONTINUED

Risk description and impact	*Mitigation*
Taxes Changes in operational taxes and corporate income tax rates, laws, and regulations could adversely affect the company's financial results, tax assets, and liabilities.	Next to income taxes, most taxes are either transactional or employee-related and are levied from the legal entities in the relevant jurisdictions. Wolters Kluwer maintains a liability for uncertain tax positions in line with IFRS accounting standards. The adequacy of this liability is evaluated on a regular basis in consultation with external advisors. Reference is made to *Note 23 – Tax Assets and Liabilities* for additional information about income tax and related risks. As a leader in tax and accounting products, the company takes its responsibility as a corporate citizen seriously. We provide training to our tax staff where appropriate. The company reviews its Tax Principles annually and updated these in 2020.
Misstatements, accounting estimates and judgments, and reliability of systems The processes and systems supporting financial reporting may be susceptible to unintentional misstatements or manipulation. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.	The company mitigates these risks by maintaining an Internal Control Framework for financial reporting. The Internal Audit and Internal Control departments have a system in place for the monitoring of progress in resolving any audit findings and performing follow-up visits and back-testing to determine whether those findings are timely and adequately resolved. In addition, senior executives in the divisional and operating companies and senior corporate staff members sign Letters of Representation semi-annually, certifying compliance with laws and policies. Independent internal audit reviews are carried out to ensure compliance with policies and procedures and to ensure that existing controls provide adequate protection against actual risks. Further, financial results are inquired and reviewed by the Business, Analysis & Control, Consolidation, Group Accounting & Reporting, Treasury, and Corporate Tax departments and the Executive Board, and in monthly development meetings as part of regular business reviews. The Group Accounting & Reporting department periodically provides updates and webinars outlining changes in policies, accounting standards, and financial focus areas. Reconciliation of statutory accounts is done by the Group Accounting & Reporting and Corporate Tax departments, which includes a comparison between group reported figures, statutory figures, and tax filings.

Sensitivity analysis

Fluctuations in currency exchange, discount, interest, and tax rates affect Wolters Kluwer's results. The following table illustrates the sensitivity to a change in these rates for adjusted operating profit and diluted adjusted EPS:

Potential impact	Adjusted operating profit *€ millions*	Diluted adjusted EPS *€ cents*
1% decline of the U.S. dollar against the euro	(10)	(2)
1% decrease in discount rate in determining the gross service costs for the post-employment benefit plans	(9)	(3)
1% increase in interest rate assuming same mix of variable and fixed gross debt	n/a	0
1% increase in the benchmark tax rate on adjusted net profit	n/a	(5)

Statements by the Executive Board

The Executive Board is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. The financial statements consist of the consolidated financial statements and the company financial statements. The responsibility of the Executive Board includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Executive Board is also responsible for the preparation of the Report of the Executive Board (bestuursverslag) which for this statement includes the Strategic Report, Corporate Governance, and Risk Management, included in the 2021 Annual Report. The Report of the Executive Board and the Financial Statements are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Executive Board endeavors to present a fair review of the situation of the business at balance sheet date and of the course of affairs in the year under review. Such an overview contains a selection of some of the main developments in the financial year and can never be exhaustive.

The company has identified the main risks it faces, including financial reporting risks. These risks can be found in *Risk Management*. In line with the Dutch Corporate Governance Code and the Dutch Act on Financial Supervision (Wet op het financieel toezicht), the company has not provided an exhaustive list of all possible risks. Furthermore, developments that are currently unknown to the Executive Board, or considered to be unlikely, may change the future risk profile of the company.

The company must have internal risk management and control systems that are suitable for the company. The design of the company's internal risk management and control systems (including the Internal Control Framework for financial reporting) has been described in *Risk Management*. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives and the risk of material errors to the financial reporting. Accordingly, these systems can only provide reasonable, but not absolute, assurance against material losses or material errors.

As required by provision 1.4.3 of the Dutch Corporate Governance Code and Section 5:25c(2)(c) of the Dutch Act on Financial Supervision (Wet op het financieel toezicht) and on the basis of the foregoing and the explanations contained in *Risk Management*, the Executive Board confirms that to its knowledge:

- No material failings in the effectiveness of the company's internal risk management and control systems have been identified;
- The company's internal risk management and control systems provide reasonable assurance that the financial reporting over 2021 does not contain any errors of material importance;
- There is under the current circumstances a reasonable expectation that the company will be able to continue in operation and meet its liabilities for at least 12 months as from the date hereof, therefore it is appropriate to adopt the going concern basis in preparing the financial reporting;
- There are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of the company's enterprise in the coming 12 months as from the date hereof;
- The 2021 Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The Report of the Executive Board includes a fair review of the situation at the balance sheet date, the course of affairs during the financial year of the company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks that the company faces.

Alphen aan den Rijn, February 22, 2022

Executive Board

Nancy McKinstry
CEO and Chair of the Executive Board

Kevin Entricken
CFO and member of the Executive Board

Executive Board

Nancy McKinstry

American, 1959, Chief Executive Officer and Chair of the Executive Board since September 2003, and member of the Executive Board since June 2001.

As CEO and Chair of the Executive Board, Ms. McKinstry is responsible for division performance, Global Strategy, Business Development, Technology, Global Business Services, Communications, Human Resources, Corporate Governance, and Sustainability.

Kevin Entricken

American, 1965, Chief Financial Officer and member of the Executive Board since May 2013.

As CFO and member of the Executive Board, Mr. Entricken is responsible for Group Accounting & Reporting, Business Analysis & Control, Internal Audit, Internal Controls, Investor Relations, Mergers & Acquisitions, Taxation, Treasury, Risk Management, Real Estate, and Legal Affairs.

Further information can be found on
www.wolterskluwer.com/en/investors/governance/overview

Supervisory Board

Ann Ziegler

American, 1958, Vice-Chair of the Supervisory Board and member of the Selection and Remuneration Committee. Appointed in 2017, and current term until 2025.

Position

Former Senior Vice President, Chief Financial Officer, and Executive Committee member of CDW Corporation

Supervisory directorships, other positions

- Member of the Board (Non-Executive Director) of Hanesbrands Inc.
- Member of the Board (Non-Executive Director) of US Foods Inc.
- Member of the Board (Non-Executive Director) of Reynolds Consumer Products Inc.

Bertrand Bodson

Belgian, 1975. Appointed in 2019, current term until 2023.

Position

CEO and member of the Board of Keywords Studios plc, and former Chief Digital Officer and member of the Executive Committee of Novartis

Supervisory directorships, other positions

- Member of the Board (Non-Executive Director) of Tesco PLC

Jeanette Horan

British, 1955, Co-Chair of the Selection and Remuneration Committee dealing with remuneration matters. Appointed in 2016, and current term until 2024.

Position

Former Chief Information Officer at IBM

Supervisory directorships, other positions

- Member of the Board (Non-Executive Director) and member of the Audit and Technology Committees of Nokia
- Member of Board of Advisors of Jane Doe No More, a non-profit organization
- Member of the Board of the Ridgefield Symphony Orchestra, a non-profit organization

Frans Cremers

Dutch, 1952, Chair of the Supervisory Board and Co-Chair of the Selection and Remuneration Committee dealing with selection and appointment matters. Appointed in 2017, and current term until 2022.

Position

Former CFO and member of the Executive Board of VNU N.V.

Supervisory directorships, other positions

- Member of the Board of Directors of Stichting Preferente Aandelen Heijmans, and Stichting Preferente Aandelen B KPN
- Investigator appointed by the Enterprise Section of the Amsterdam Court of Appeal in relation to the policy and course of events in the matter of SNS Reaal N.V. and SNS Bank N.V.

Jack de Kreij

Dutch, 1959, Chair of the Audit Committee. Appointed in 2020, current term until 2024.

Position

Former CFO and Vice-Chairman of the Executive Board of Royal Vopak N.V.

Supervisory directorships, other positions

- Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee of Royal Boskalis Westminster N.V.
- Member of the Supervisory Board and Chairman of the Audit Committee of TomTom N.V.
- Chairman VEUO (Vereniging van Effecten Uitgevende Ondernemingen)
- Member of the Board (Non-Executive Director) and Chairman of the Audit Committee, member of Remuneration Committee and Chairman of Investment Committee of Oranje Fonds
- Member of the Global Advisory Board of Metyis
- Member of the Board of Stichting Preferente Aandelen Philips

Sophie V. Vandebroek

American, 1962, member of the Audit Committee. Appointed in 2020, current term until 2024.

Position

Founder Strategic Vision Ventures LLC and former Chief Technology Officer of Xerox and Chief Operating Officer of IBM Research

Supervisory directorships, other positions

- Member of the Board of Directors (Non-Executive Director) and member of the Finance and the Nomination & Governance Committees of IDEXX Laboratories, Inc.
- Member of the Board of Directors (Non-Executive Director) and member of the Compensation and the ESG Committees of Inari Agriculture, Inc.
- Member of the Board of Trustees of the Boston Museum of Science
- Member of the Board of Trustees of the Massachusetts Technology Leadership Council
- Member of the International Advisory Board, Flanders AI Research Program
- Strategic Advisor, Safar Partners

Chris Vogelzang

Dutch, 1962, member of the Audit Committee. Appointed in 2019, and current term until 2023.

Position

Former CEO of Danske Bank A/S

Supervisory directorships, other positions

- Member of the Supervisory Council of Rijksmuseum

Report of the Supervisory Board

This report provides an overview of the supervisory activities of the Supervisory Board and its committees during the year. The Supervisory Board is responsible for supervising the Executive Board in setting and achieving the company's strategy, targets, and policies, as well as the general course of affairs of the company. The Supervisory Board also assists the Executive Board with advice.

> The new plan contains some ambitious new goals and we are looking forward with confidence to the execution of this plan under the leadership of the Executive Board.
>
> **Frans Cremers,** Chair of the Supervisory Board

INTRODUCTION BY THE CHAIR OF THE SUPERVISORY BOARD

During 2021, the Supervisory Board was pleased to see that, despite the challenges resulting from the global pandemic, the ambitions of the 2019-2021 strategy, *Accelerate Our Value,* were successfully achieved, providing a continuing strong foundation for the future of the company. We worked together with the Executive Board on the development of the new three-year strategy, *Elevate Our Value*. The increased focus on further expanding *expert solutions* is one of the cornerstones of this new strategy, which the Supervisory Board believes addresses attractive market opportunities and will accordingly contribute to the future success of the company. The strategy also focuses on topics, such as attracting and engaging diverse talent, maintaining a collaborative and ethical culture, and other important Environmental, Social, and Governance (ESG) topics. These are subjects which are close at heart for the Supervisory Board and in conjunction with the business strategy will contribute to the aspired long-term value creation for the company's stakeholders. The new plan includes some ambitious new goals and we are looking forward with confidence to the execution of this plan under the leadership of the Executive Board.

Frans Cremers
Chair of the Supervisory Board

Meetings

The Supervisory Board held seven scheduled meetings in 2021. Six of these meetings took place virtually due to the global pandemic. Six meetings included a session for Supervisory Board members only, without the members of the Executive Board being present. All members attended all meetings. There was one scheduled conference call between the Executive Board, the Chair of the Supervisory Board, and the Chair of the Audit Committee. The Chair of the Supervisory Board had regular contact with the Chair of the Executive Board.

Financial statements

The Executive Board submitted the 2021 Financial Statements to the Supervisory Board. The Supervisory Board also took notice of the report and the statement by Deloitte Accountants B.V. (as referred to in Article 27, paragraph 3 of the company's Articles of Association), which the Supervisory Board discussed with Deloitte. The members of the Supervisory Board signed the 2021 Financial Statements, pursuant to their statutory obligation under clause 2:101 (2) of the Dutch Civil Code. The Supervisory Board proposes to the shareholders that they adopt these Financial Statements at the Annual General Meeting of Shareholders of April 21, 2022.

→ **See the Financial Statements on** page 98

Evaluations

The Supervisory Board discussed its own functioning, as well as the functioning of the Executive Board and the performance of the individual members of both Boards. These discussions were partly held without the members of the Executive Board being present. The composition of the Supervisory Board, the Audit Committee, and the Selection and Remuneration Committee was also discussed in the absence of the Executive Board. The Supervisory Board members completed a self-assessment. Overall, the outcome of the evaluation was positive. The Supervisory Board remains focused on a good balance between presentations and discussions and gave several suggestions for topics on which it would like to receive additional information, such as ESG (in particular diversity, equity, inclusion, and belonging and climate change), and the Net Promoter Scores of key products, which topics were discussed in more detail in the course of the year. The composition of the Supervisory Board represents the relevant skill sets and the required areas of expertise. The Supervisory Board meetings take place in an open and transparent atmosphere with each of the members actively participating. The Committees function well. In addition to the formal evaluation process, as a standard practice, the Chair of the Supervisory Board gives feedback to the Chair of the Executive Board after every Supervisory Board meeting.

Global pandemic

The Executive Board has kept the Supervisory Board regularly informed in detail regarding the impact of the global pandemic on the company. The information related, among others, to the well-being and engagement of employees, working from home policies, back-to-office plans, the impact on the business and its customers, as well as the financial performance and outlook of the company. The Supervisory Board was pleased to see that the company was able to continue reacting to the situation in an agile entrepreneurial way, while giving high priority to the health and well-being of the employees, and to serving customers with solutions to help them to effectively deal with the pandemic.

Strategy

The Supervisory Board was kept well informed on the execution of the strategy for 2019-2021, *Accelerate Our Value*. This strategy aimed at accelerating the transformation of the company towards a global organization which grows *expert solutions*, advances deep domain expertise, and drives operational agility. The Supervisory Board was also closely involved in developing the new three-year strategy for 2022-2024, *Elevate Our Value*, and approved the strategy. The strategy was discussed in two meetings of the Supervisory Board. The Supervisory Board believes that the strategy, with a further reinforced focus on *expert solutions*, is a good next step in the evolution of the company. The Supervisory Board also supports the strong focus on ESG matters, including the emphasis on diverse talent as a key pillar of the strategy. The Supervisory Board believes the strategy will contribute to the long-term value creation for the company's stakeholders.

As in other years, the divisional CEOs also presented their Vision & Strategy Plans for 2022-2024 to the Supervisory Board. This enables the Supervisory Board to obtain a good view of the opportunities and challenges for each of the divisions and to support the Executive Board in making the right strategic choices and investment decisions for each business. The Supervisory Board considers it important to meet each of the divisional CEOs periodically and receive an update from them on performance, key market trends, strategy, and competitive developments. Also, with a view on talent management and having solid replacement plans, speaking directly to other senior management levels is deemed important for the Supervisory Board.

The Supervisory Board was also informed about the innovation activities and investments within Wolters Kluwer. 2021 was the eleventh consecutive year in which Wolters Kluwer rewarded promising new internal business initiatives via the Global Innovation Awards. This event enables teams across the business to present their innovative ideas. The awards are ultimately awarded by a jury consisting of internal and external experts. Continuing focus on innovation and investment in new and enhanced products, including *expert solutions*, is an important means for driving long-term value creation as well as a strong culture of innovation at Wolters Kluwer. Two of the awarded teams presented their business plans to the Supervisory Board.

In line with standard practice, management of the Global Business Services organization and the Digital eXperience Group gave presentations, updating the Supervisory Board on the company's technology strategy and execution thereof, including cybersecurity and disaster recovery plans.

The Supervisory Board also considers it important to be aware of the main developments with respect to competition and the markets in which the company operates. To that end, an overview of the most important developments with respect to traditional and new competitors is discussed during each Supervisory Board meeting.

Report of the Supervisory Board continued

43%

of the Supervisory Board members are female

Acquisitions and divestments

The Executive Board kept the Supervisory Board informed about all pending acquisition and divestment activities. The Supervisory Board approved the acquisition of Vanguard Software by the Tax & Accounting division. The Supervisory Board also discussed in detail the performance and value creation of previous acquisitions, taking into consideration Wolters Kluwer's financial and strategic criteria for acquisitions.

Corporate governance and risk management

The Supervisory Board was kept informed about developments with respect to corporate governance and risk management. The Supervisory Board and Audit Committee discussed risk management, including the risk profile of the company and risk appetite per risk category, as well as the assessment of internal risk management and control systems. The Audit Committee and Supervisory Board discussed the ongoing actions the company takes to further improve the internal risk management and control systems, including IT security and cybersecurity. For more information, see *Risk Management*.

→ **Read more about Risk Management on** page 58

Environmental, Social, and Governance matters

The Supervisory Board was kept informed on the developments with respect to ESG performance and initiatives. The Supervisory Board is supportive of the company's ESG approach. A separate presentation was given on the actions and plans the company takes with respect to diversity, equity, inclusion, and belonging. The enhanced focus on ESG is also reflected by the fact that non-financial targets make up 10% of the Executive Board's short-term incentive targets in 2021 and 2022. The Supervisory Board was informed of the completion rate of the Annual Compliance Training (99%). The Supervisory Board believes that these efforts will contribute to an inclusive culture of integrity, accountability, and transparency, aimed at long-term value creation for all stakeholders.

Talent management and organizational developments

Each year, the outcome of the annual talent review is discussed by the Supervisory Board. Diversity at Board and senior management levels is an important element in that discussion. Furthermore, as a standing topic during each Supervisory Board meeting, the Supervisory Board is informed about organizational developments, including appointments at senior positions within the company. The Supervisory Board fully supports all initiatives in the company to enhance the diverse and inclusive culture within the company. The Supervisory Board discussed this topic in several meetings. The Supervisory Board was also updated on the results of Wolters Kluwer's employee engagement survey, which measures important topics such as engagement, alignment, agility, career development, and other components driving engagement, and supporting a culture aimed at long-term value creation.

Finance

The Supervisory Board carefully observes the financing of the company, including the balance sheet and available headroom. The Supervisory Board also closely monitors the development of, among others, the net-debt-to-EBITDA ratio, debt/equity ratio, and liquidity planning. The Supervisory Board approved the share buyback program in 2021 of up to €410 million (including €60 million for which the proceeds of the divestment of Legal Education were used). The Supervisory Board also approved the additional €50 million share buyback for the period starting January 3, 2022, up to and including February 21, 2022. In addition, the Supervisory Board approved the first one-year extension of the €600 million multi-currency revolving credit facility with an initial maturity of three years, as well as the activation of the ESG targets in that facility. Other financial subjects discussed included the budget, the financial outlook, the achievement of financial targets, the interim and final dividends, the outcome of the annual impairment test, and annual and interim financial results.

Investor Relations

The Supervisory Board was well informed about Investor Relations activities, which is a standing agenda item during the Supervisory Board meetings. Updates included share price developments, communication with shareholders, shareholders' views on acquisitions, analyst research, and the composition of the shareholder base. The Supervisory Board also carefully reviewed and approved the annual report and press releases regarding the full-year and half-year results, and the first-quarter and nine-month trading update.

Audit Committee

The Audit Committee met four times in 2021, during the preparation of the full-year 2020 and half-year 2021 results, and around the first-quarter 2021 trading update and nine-month 2021 trading update. In addition, there was one scheduled conference call in December between the auditors, the Chair of the Audit Committee, and the CFO. The Audit Committee consisted of Mr. de Kreij (Chair), Ms. Vandebroek, and Mr. Vogelzang. Each of the members attended all meetings. The meetings of the Audit Committee were held in the presence of the Executive Board members, the external auditor, the head of internal audit, and other corporate staff members. During 2021, as routine agenda items, the Audit Committee had discussions with the external auditors, as well as with the head of internal audit, without the members of the Executive Board being present. In addition, the Chair of the Committee met with the CFO, the external auditor, the head of Group Accounting & Reporting, and the head of Internal Audit in preparation of the Committee meetings. After every meeting, the Chair of the Committee reports back to the full Supervisory Board. The main items discussed during the Audit Committee meetings included the financial results of the company, status updates on internal audit and internal controls, the management letter of the external auditor, the progress on the implementation of the new corporate performance management system, accounting topics, pensions, tax planning, impairment testing, the Treasury Policy, the financing of the company, risk management, cybersecurity, hedging, litigation reporting, incident management, the quarterly reports of the external auditor, and their full-year report on the audit.

The Audit Committee has reviewed the performance of the external auditor, the proposed audit scope and approach, the audit fees, and the independence of the external auditor, and has approved the other assurance services, tax advisory services, and other non-audit services provided by the external auditor. The Auditor Independence Policy is available on the website.

The Auditor Independence Policy
www.wolterskluwer.com/en/investors/governance/policies-and-articles

Selection and Remuneration Committee

The Selection and Remuneration Committee met six times in 2021. The Committee consists of Ms. Horan (who chairs the remuneration-related discussions), Mr. Cremers (who chairs the selection and nomination-related discussions), and Ms. Ziegler. All members attended all meetings. After every meeting, the respective chairs of the Committee report back to the full Supervisory Board. The resolutions regarding appointments and remuneration were taken by the full Supervisory Board, based on recommendations from the Committee.

At the Annual General Meeting of Shareholders (AGM) of April 22, 2021, the amended version of the remuneration policy of the Executive Board was adopted. For more information about the remuneration policy of the Executive Board and the execution thereof, see *Remuneration Report*.

→ **See our Remuneration Report on** page 76

The Selection and Remuneration Committee also reviewed the remuneration of the Supervisory Board. It will be proposed during the 2022 AGM to increase the Supervisory Board remuneration. This proposal is in line with the remuneration policy for the Supervisory Board, which was adopted by the AGM in 2020.

The Selection and Remuneration Committee also discussed the replacement of Mr. Cremers as Chair of the Supervisory Board after the AGM in April 2022 as well as the composition of the Supervisory Board, which resulted in the nomination and appointments set out below.

Supervisory Board composition

In 2021, the first term of Mr. Cremers and Ms. Ziegler expired. They were both reappointed by the AGM. Mr. Cremers was only available for a one-year reappointment and will retire after the 2022 AGM. The Supervisory Board is pleased to nominate Ms. Heleen Kersten as a new member of the Supervisory Board to the 2022 AGM. Her expertise in the area of corporate law, corporate governance, M&A matters, and her experience on several boards, fit the profile of the Supervisory Board and the diversity policy.

The Supervisory Board has appointed Ms. Ziegler as new Chair of the Supervisory Board, following the retirement of Mr. Cremers. Mr. De Kreij has been appointed as new Vice-Chair. Ms. Kersten will replace Mr. Cremers as a member of the Selection and Remuneration Committee.

The composition of the Supervisory Board is in line with the profile and the company's diversity policy, reflecting a diverse composition with respect to expertise, nationality, gender, and age, reflecting the international nature and geographic scope of the company. Four nationalities are represented on the Supervisory Board, with different talents and relevant areas of expertise. The Supervisory Board currently has a female representation of 43%, which is in line with Dutch law requiring a representation of at least 30% male and female. After the appointment of Ms. Kersten at the AGM of 2022, the female representation will be 57%. The composition comprises international board experience, specific areas of expertise (including finance, legal, and technology), as well as expertise within the broad information industry and specific market segments in which the company operates.

The profile, competences matrix, rotation schedule, and diversity policy are available on wolterskluwer.com/en/investors/governance/supervisory-board-committees

In line with the diversity policy, it is the aim to have a representation of at least 30% male and female in the Supervisory Board, Executive Board, and at divisional CEO level. The company currently complies with this ambition. In the course of 2022, the company will review its diversity policy and report about it in line with new Dutch legislation.

All Supervisory Board members comply with the Dutch law regarding the maximum number of supervisory board memberships. Furthermore, all members of the Supervisory Board are independent from the company within the meaning of best practice provisions 2.1.7, 2.1.8, and 2.1.9 of the Dutch Corporate Governance Code. For more information on each Supervisory Board member in accordance with the Dutch Corporate Governance Code, see the sections *Executive Board and Supervisory Board* and *Corporate Governance*.

→ **See Executive Board and Supervisory Board on** page 70

→ **See Corporate Governance on** page 54

The Supervisory Board would like to thank the Executive Board and all employees worldwide for their efforts in the past year. The flexibility of the entire organization during another year of the global pandemic, in combination with the results of the company and ongoing focus on serving customers and long-term value creation, were highly appreciated by the Supervisory Board.

Alphen aan den Rijn, February 22, 2022

Supervisory Board

Frans Cremers, Chair
Ann Ziegler, Vice-Chair
Bertrand Bodson
Jeanette Horan
Jack de Kreij
Sophie Vandebroek
Chris Vogelzang

The Supervisory Board and the Executive Board would like to thank Mr. Cremers for his five years as Chair of the Supervisory Board. He has chaired the Board during two years of the global pandemic and his support to management in these unprecedented circumstances was highly appreciated. We wish Mr. Cremers all the best in the years to come.

The members of the Supervisory Board and the Executive Board.

Remuneration Report

6%

organic growth in 2021

This Remuneration Report provides an overview of our remuneration policy which was adopted at the 2021 Annual General Meeting of Shareholders.

"The new remuneration policy for the Executive Board was adopted and the 2020 Remuneration Report was approved, with high levels of support.

Jeanette Horan, Co-Chair of the Selection and Remuneration Committee, dealing with remuneration matters

LETTER FROM THE CO-CHAIR OF THE SELECTION AND REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of the Supervisory Board, I am pleased to present our 2021 Remuneration Report, in which we provide a summary of the remuneration policy for the Executive Board and explain how performance in 2021 translated into remuneration earned.

New remuneration policy adopted

At the 2021 Annual General Meeting, the new remuneration policy for the Executive Board was adopted and the 2020 Remuneration Report was approved, with high levels of support. Both received well over 95% of the votes in favor, with good participation in the meeting.

The new remuneration policy established several important changes. In the short-term incentive plan (STIP), the weight of non-financial or environmental, social, and governance (ESG) measures was increased (up to a maximum of 20%) and six strategically important non-financial or ESG measures were introduced.

In the long-term incentive plan (LTIP), return on invested capital (ROIC) was introduced as a new measure and diluted EPS was replaced by diluted adjusted EPS. These are two measures that have long been part of the company's key financial performance indicators and are aligned with how we provide market guidance.

The new policy also formalized minimum share ownership requirements and a two-year post-vesting holding period.

The other significant change was a 10% reduction in CEO remuneration by lowering the LTIP pay at target, starting in 2021. For the LTIP 2021-2023, the target pay was reduced from 285% to 265% of base salary, which will be reflected when this cycle pays out in 2024. For the LTIP 2022-2024, the target pay will be further reduced to 240% of base salary, which will be reflected in the payout in 2025 and LTIP cycles thereafter. The LTIPs vesting in 2021 and 2022 (payout in 2022 and 2023) still reflect the former remuneration policy. As in recent years, for the payout of the LTIP period just completed, the largest driver of remuneration is the appreciation of the share price.

A detailed explanation of the new remuneration policy, how it was applied in 2021, and how it determined remuneration is provided in this report.

2021 performance and STIP outcome

Despite the continued challenges and uncertainties posed by the global pandemic, the business started to see a recovery in the second quarter of 2021. This was most visible in the faster-than-expected recovery of non-recurring revenues which had been severely impacted in 2020. More importantly, as the year progressed, digital and services subscription revenues picked up pace. Throughout the year, management kept their attention on people-related matters: supporting the well-being of employees; adapting back-to-office plans following the emergence of new COVID variants; and taking steps to address the heightened and global competition for talent.

In 2021, the group delivered organic growth of 6%, an increased adjusted operating profit margin of 25.3%, and adjusted free cash flow of €1,010 million. The strong recovery in 2021 meant that all one-year financial targets were exceeded. Performance against the six non-financial objectives that were part of the STIP in 2021 was, in aggregate, ahead of target, with five of the six measures in line with, or ahead of, targets set.

2019-2021 performance and LTIP outcome

The recovery in 2021 allowed management to successfully deliver on the 2019-2021 strategic plan and to largely restore performance back towards the company's pre-pandemic financial trajectory. The strategy of focusing on *expert solutions* and promoting organizational agility was key to driving this result. Over the three-year period, 2019-2021, the actual compound annual growth rate in diluted EPS was 15.0% in constant currencies, exceeding the target of 12.9% set three years ago.

As a shareholder, you will be pleased that over the three-year LTIP period, the share price rose 100.5%. Total Shareholder Return was 101.4% (using a 60-day average price at the start and end of the period), placing Wolters Kluwer in fourth place among the TSR peer group. As an important component of management incentive, this share price performance drove the final value of the LTIP awards to management.

Changes for 2022

During 2021, the Supervisory Board reviewed the effectiveness of the non-financial or ESG metrics and targets that were used for the 2021 STIP and concluded that a shorter list of ESG targets will drive greater focus. Not only have several of our shareholders expressed a preference for fewer ESG metrics, but over the course of the year, market practice continued to evolve in favor of fewer measures.

The number of non-financial measures will therefore be reduced from six to three in 2022. We are introducing an important new employee-related ESG measure in STIP: a quantitative score for belonging. Belonging is a key driver of employee engagement and is an indicator of our progress on nurturing workforce diversity. Further information on this important ESG topic can be found in the *Sustainability* chapter of this annual report. Two of last year's ESG measures are being retained: the indexed cybersecurity maturity score and the number of on-premise servers decommissioned as part of our cloud migration program. The company has now also extended these three ESG measures to the short-term incentive plans of all executives.

Metrics used in the LTIP for 2022-2024 will stay the same: relative TSR; diluted adjusted EPS; and ROIC. The Supervisory Board has set targets with additional stretch applied to the baseline three-year strategic plan. These prospective three-year targets are disclosed on page 93.

The Supervisory Board continues to monitor the TSR peer group in light of the planned merger of two existing TSR peers, IHS Markit and S&P Global. When this merger completes, IHS Markit will be replaced by another sector peer that meets our selection criteria.

We trust this report provides a clear explanation of the drivers of 2021 remuneration and that shareholders appreciate the enhanced disclosure that we committed to last year.

The 2022 AGM agenda is available at www.wolterskluwer.com/agm

Jeanette Horan
Co-Chair of the Selection and Remuneration Committee, dealing with remuneration matters

Remuneration at a glance

2021 STIP financial targets were all exceeded, while most non-financial/ESG targets were met or exceeded.

Three-year total shareholder return performance and compound annual growth (CAGR) in diluted EPS were ahead of LTIP 2019-2021 targets.

HOW DID WE PERFORM?

2021 financial measures

Revenues, € million

4,771

Adjusted free cash flow, € million

1,010

Adjusted net profit, € million

885

2021 non-financial/ESG measures

55%

of revenues from *expert solutions*

74%

Employee engagement score, above the high-performing norm (HPN)

✓

Establish a diversity, equity, inclusion, and belonging strategy and plan

99%

completion of annual compliance training

105.6

Indexed cybersecurity maturity score (2020=100)

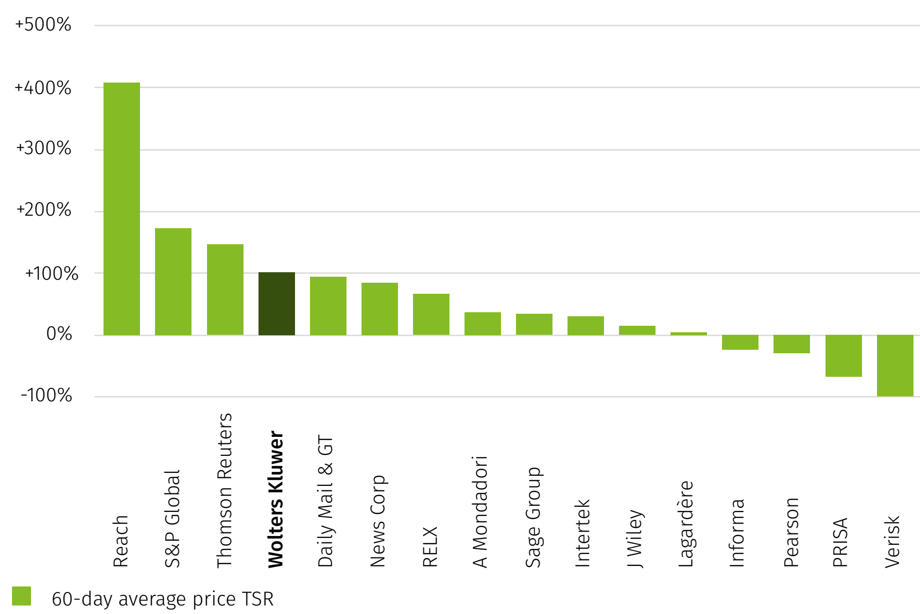
2,838

Number of on-premise servers decommissioned (reducing carbon footprint)

For 2021, STIP measures were revenues, adjusted net profit, adjusted free cash flow, and six non-financial, operational, or ESG measures. The achievements on each of these measures are shown above and discussed in this report (*Implementation of remuneration policy in 2021*).

Three-year 2019-2021 total shareholder return

Wolters Kluwer achieved fourth position for TSR performance relative to its TSR peers. This ranking determines the number of TSR-related shares awarded at the end of the three-year LTIP period.



The company uses a 60-day average of the share price at the beginning and the end of each three-year performance period to reduce the influence of potential stock market volatility. In October 2020, McClatchy was replaced by Verisk Analytics. In February 2021, Axel Springer was replaced by Intertek.

2019-2021 performance

15%

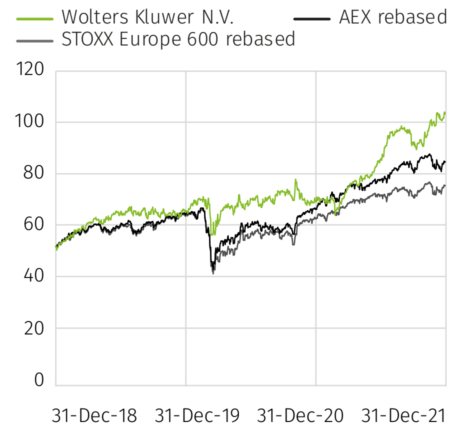
Diluted EPS: Three-year CAGR in constant currencies

Three-year CAGR in diluted EPS

Three-year CAGR in constant currencies was 15% over the period 2019-2021.

Share price over LTIP period

€



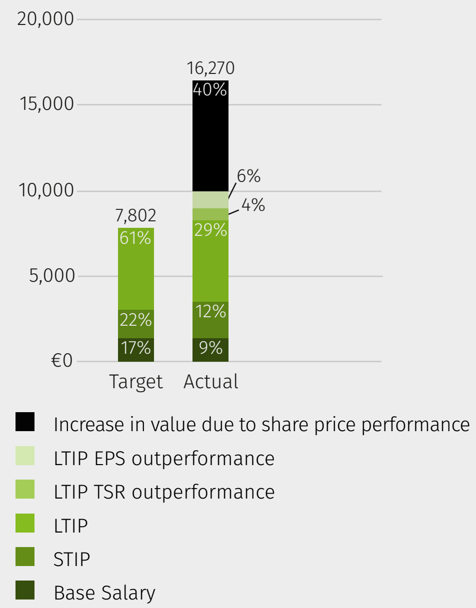
AEX and STOXX Europe 600 rebased to Wolters Kluwer share price.

The share price increased 100.5% over the three-year performance period for LTIP 2019-2021.

IMPACT OF PERFORMANCE ON REMUNERATION

2021 CEO target and realized pay

in thousands of euros, unless otherwise stated



Target pay shown above reflects the number of LTIP shares conditionally awarded for LTIP 2019-2021 valued at the closing share price on December 31, 2018 (€51.66).

Realized actual pay shown above reflects the number of LTIP shares earned valued at the closing share price on December 31, 2021 (€103.60). The final actual payout will be valued at the volume weighted average price on February 24, 2022.

Remuneration Report continued

OUR NEW REMUNERATION POLICY

At the 2021 Annual General Meeting of Shareholders, the revised Executive Board Remuneration Policy was adopted. Upon adoption of the policy, the following substantive changes were made to the remuneration package of the Executive Board members:

The remuneration policy is available at
www.wolterskluwer.com/en/investors/governance/policies-and-articles

Remuneration peer group	Weighting of European companies in the pay peer group was adjusted from 50% to approximately 60%.
STIP performance measures (financial)	A pre-defined list of financial measures replaced the previous unlimited flexibility to select measures; STIP financial measures will have a minimum weighting of 80%. These measures exclude the effect of currency, accounting changes, and changes in scope (acquisitions and divestitures) after the annual budget is finalized. The pre-defined list comprises: • Revenues* • Organic growth • Adjusted operating profit • Adjusted operating profit margin • Adjusted net profit* • Adjusted free cash flow* • Cash conversion ratio * These financial measures will be used for the STIP in 2022.
STIP performance measures (non-financial, including ESG)	Non-financial measures can include ESG, strategic, or operational metrics, such as employee engagement score, customer satisfaction scores, measures of good corporate governance, operational excellence, and/or environmental impact. The maximum weighting of non-financial measures was established at 20%. In 2021, the weighting was set at 10%. For 2022, the following three strategically-important ESG metrics will be used: • Belonging score (a quantified measure of diversity, equity, and inclusion) • Indexed cybersecurity maturity score • Number of on-premise servers decommissioned (reducing carbon footprint)
LTIP performance measures	• Total shareholder return (TSR) was retained at a 50% weighting • Diluted adjusted EPS* replaced diluted EPS with a weighting of 30% • Return on invested capital (ROIC) was introduced with a weighting of 20% * Diluted adjusted EPS aligns more closely with market practice and is the metric we use when giving guidance on expected financial performance.
CEO remuneration	In consultation with the CEO, the CEO's total target remuneration was reduced by approximately 10% by lowering the CEO LTIP conditional share award for performance on target from 285% of base salary to 240% over two years. In addition, the CEO's base salary was not increased in 2021.
Share ownership and holding requirements	Introduction of minimum share ownership requirements: 3x base salary for CEO, 2x base salary for CFO, and a two-year holding period post-vesting.

OUR REMUNERATION PHILOSOPHY

Clear alignment between executive rewards and shareholder interests is central to our Executive Board remuneration policy. We have a robust pay for performance philosophy with strong links between rewards and results for both our short-term incentive plan (STIP) and long-term incentive plan (LTIP). Variable remuneration outcomes are aligned to stretch targets that measure performance against Wolters Kluwer's strategic aims. The Supervisory Board has a clearly defined process for setting stretch targets and a framework for decision-making around executive remuneration.

In 2020, the Selection and Remuneration Committee engaged an external remuneration advisor to provide recommendations and information on market practices for remuneration structure and levels. The Committee had extensive discussions, supported by its external advisor, to review the composition and key drivers of remuneration.

The Supervisory Board historically viewed performance targets as commercially sensitive and therefore did not disclose them in advance. However, given feedback from our shareholders, we decided that, upon the adoption of our new remuneration policy at our 2021 AGM, we would disclose LTIP performance targets in advance, starting with this 2021 annual report.

In addition, similar to the 2020 report, we have disclosed targets, achievements, and resulting pay outcomes for both the STIP and LTIP retrospectively in this report.

The Supervisory Board determines Executive Board remuneration on the basis of a set of principles that demonstrate clear alignment with shareholder and other stakeholder interests. We recognize it is our responsibility to ensure that executive remuneration is closely connected with financial and strategic performance.

Principles of Executive Board remuneration	
Pay for performance and strategic progress	• Pay is linked to the achievement of key financial and non-financial targets related to our strategy • Over 75% of on-target pay is variable and linked to performance against stretch targets • Short-term incentives are linked to annual targets • Long-term incentives are linked to performance against three-year stretch targets aligned to our strategic plan
Align with long-term stakeholder interests	• Policy incentivizes management to create long-term value for shareholders and other stakeholders through achievement of strategic aims and delivery against financial and non-financial objectives • Majority of incentive is long-term and paid in Wolters Kluwer shares which are subject to two-year post-vesting holding requirements
Be competitive in a global market for talent	• On-target pay is aligned with the median of a defined global pay peer group, comprised of competitors and other companies in our sectors that are of comparable size, complexity, business profile, and international scope • TSR peer group companies are additionally screened for financial health, stock price correlation and volatility, and historical TSR performance

OUR EXECUTIVE BOARD REMUNERATION FRAMEWORK

Our Executive Board remuneration framework comprises the following elements:

Element of remuneration	Key feature	Alignment to strategy and shareholder interests
Base salary	Reviewed annually with reference to pay peer group and increases provided to all employees	Set at a level to attract, motivate, and retain the best talent
STIP	Paid annually in cash; maximum opportunity: 175% of base salary	Incentivizes delivery of performance against our annual strategic, financial, and ESG goals
LTIP	Conditional rights on ordinary shares, subject to a three-year vesting schedule and three-year performance targets	Incentivizes delivery of financial performance and creation of long-term sustainable value; demonstrates long-term alignment with shareholder interests
Pension	Defined contribution retirement savings plan that is available to all employees in the country of employment	Provides appropriate retirement savings designed to be competitive in the relevant market
Other benefits	Eligibility for health insurance, life insurance, a car, and participation in any all-employee plans that may be offered in the country of employment	Designed to be competitive in the relevant market

Remuneration Report continued

LINKING PAY TO OUR STRATEGIC GOALS

The largest component of Executive Board remuneration is variable performance-based incentives. This strengthens the alignment between remuneration and company performance, and reflects the philosophy that Executive Board remuneration should be linked to a strategy for long-term value creation. Our strategy aims to deliver continued good organic growth, further incremental improvements to our adjusted operating profit margin and return on invested capital, and seeks to drive long-term, sustainable value for all stakeholders.

OUR PURPOSE

Deliver deep impact when it matters most

OUR STRATEGIC AIMS

Accelerate
Expert Solutions

- Drive investment in cloud-based *expert solutions*
- Transform digital information solutions into *expert solutions*
- Enrich customer experience leveraging data analytics

Expand
Our Reach

- Extend into high-growth adjacencies
- Reposition solutions for new segments
- Drive revenue through partnerships and ecosystem development

Evolve
Core Capabilities

- Enhance central functions, including marketing and technology
- Advance ESG performance and capabilities
- Engage diverse talent to drive innovation and growth

OUR VALUES

FOCUS ON CUSTOMER SUCCESS

MAKE IT BETTER

AIM HIGH AND DELIVER

WIN AS A TEAM

Financial and non-financial metrics
Executive Board remuneration policy (adopted at the 2021 AGM):

Financial measures – short-term incentive plan (STIP) pre-defined list of measures:

Revenues	Organic growth	Adjusted operating profit	Adjusted operating profit margin	Adjusted net profit	Adjusted free cash flow	Cash conversion ratio

Non-financial measures – short-term incentive plan (STIP):
ESG, operational, or strategic measures, including revenues from *expert solutions*, employee engagement score, customer satisfaction scores, measures of good corporate governance, measures of operational excellence, and measures of environmental impact.

Financial measures – long-term incentive plan (LTIP):

Relative total shareholder return	Diluted adjusted EPS (three-year CAGR)	Return on invested capital

For 2022, STIP financial measures will be revenues, adjusted net profit, and adjusted free cash flow. STIP non-financial measures will be: employee belonging score; indexed cybersecurity score; and the number of on-premise servers decommissioned.

ALIGNING WITH OUR RISK PROFILE

The Supervisory Board assesses whether variable remuneration might expose the company to risk, taking into consideration our overall risk profile and risk appetite, as described in *Risk Management*. We believe that our remuneration policy provides management with good incentives to create long-term value, without increasing our overall risk profile.

BENCHMARKING AGAINST OUR PEERS

Pay peer group

We use a pay peer group to benchmark Executive Board pay. This includes direct competitors and other companies in our sectors of comparable size, complexity, business profile, and international scope. It is made up of companies based in Europe and North America, to reflect where Executive Board members might be recruited to or from.

In 2021, five additional European companies were included in the pay peer group, making it approximately 60% European. The most comparable businesses available in Europe are companies in the Application Software and IT Consulting & Services sectors. In benchmarking pay against the pay peer group, the value of share-based remuneration is standardized to ensure a like-for-like comparison.

In 2021, the pay peer group consisted of the companies shown in the table below. The third column provides the five European peers that were added in 2021.

Pay and TSR peer groups

North American comparators (2020 and ongoing)		European comparators (2020 and ongoing)		European comparators (added in 2021)
Equifax	TSR	Bureau Veritas	TSR	Atos
Intuit		Experian	TSR	Cap Gemini
MSCI	TSR	IHS Markit	TSR	Dassault Systèmes
News Corporation		Informa	TSR	Teleperformance
Nielsen Holdings		Intertek Group	TSR	Temenos
NortonLifeLock		Pearson	TSR	
S&P Global	TSR	RELX	TSR	
Thomson Reuters	TSR	SGS	TSR	
Verisk Analytics	TSR	The Sage Group	TSR	
John Wiley & Sons*	TSR			

* John Wiley & Sons included in the TSR peer group but not in the pay peer group.

TSR Companies that are included in the TSR peer group.

TSR peer group

The TSR peer group consists of 15 companies that are used as the comparator group to determine TSR performance, which is one of the measures used in the LTIP. The TSR group is screened not only for comparability of the business (see above), but also for share price correlation and volatility. In 2020, we updated the TSR peer group to reflect the group's transformation into a digital information, software and services business. Consumer publishers were replaced by other, more appropriate software and services companies from the pay peer group. This was in line with feedback received from shareholders. The new TSR peer group was applied to the LTIP 2020-2022 and LTIP 2021-2023, and will again apply for the LTIP 2022-2024.

In case of the delisting or merger of a TSR peer group company, the Supervisory Board will carefully consider an appropriate replacement that meets strict pre-determined criteria. These criteria include: industry; geographic focus; size; financial health; share price correlation and volatility; and historical TSR performance.

Remuneration Report continued

The TSR peer group is a sub-set of the pay peer group, with the exception of John Wiley & Sons. John Wiley is not included in the pay peer group because its revenues and market capitalization are significantly smaller than those of Wolters Kluwer, but as a competitor whose business is comparable to parts of Wolters Kluwer, its share price performance is viewed as an appropriate comparator for TSR purposes.

The TSR peer group used for the LTIP 2018-2020 and LTIP 2019-2021 comprised the following companies:

TSR peer group LTIP 2018-2020 and LTIP 2019-2021

North American comparators	European comparators	European comparators
John Wiley & Sons	Arnoldo Mondadori	Promotora de Informaciones (PRISA)
McClatchy*/Verisk Analytics	Axel Springer	Reach
News Corporation	Daily Mail & General Trust	RELX
S&P Global	Informa	The Sage Group
Thomson Reuters	Lagardère	
	Pearson	

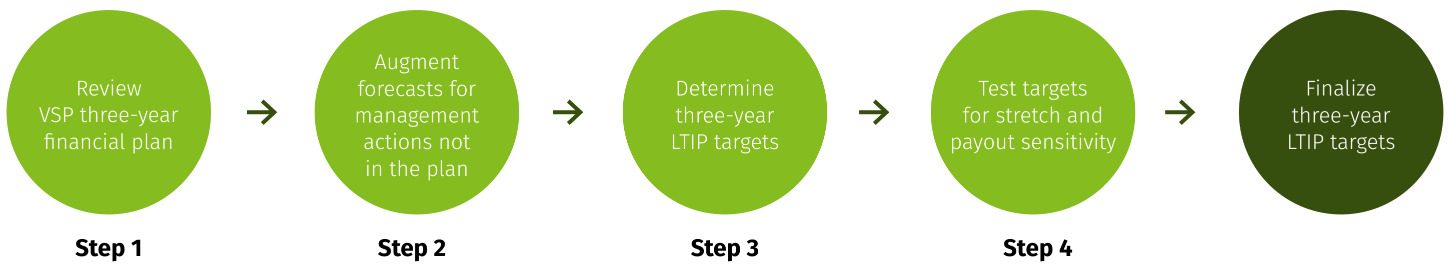
* McClatchy, after being acquired, was replaced by Verisk Analytics in October 2020.

SETTING TARGETS FOR LONG-TERM INCENTIVE PLAN MEASURES

The Supervisory Board uses a rigorous process to set stretch targets for the Executive Board.

Process for setting targets for long-term incentive plan measures

The financial plan that is part of our three-year Vision & Strategy Plan (VSP) is the starting point for target setting. This plan is augmented with assumptions around management actions to arrive at realistic stretch targets.



The process for setting targets for the LTIP starts with our company strategy, which is generally formulated every three years, and our three-year financial plan (Vision & Strategy Plan or VSP), which is updated annually. The VSP generates a three-year forecast, based on organic development of the existing business. This plan is reviewed and approved by the Supervisory Board.

For LTIP remuneration targets, this forecast is augmented with anticipated, value-creating management initiatives not accounted for in the financial plan in order to give realistic but stretch targets that the Supervisory Board feels will maximize the full potential of the organization. Assumptions for management initiatives are made based on historical patterns and forward-looking strategic plans. Typical management initiatives are acquisitions, divestitures, restructuring, and share buybacks (including shares repurchased under our Anti-Dilution Policy). All targets are based on constant currency rates and IFRS accounting standards.

The Supervisory Board compares the stretch targets against external benchmarks, where available, to ensure they represent a challenging performance in our sector and against other peers. The stretch targets are also tested for sensitivity to various input factors.

USE OF DISCRETION IN DETERMINING VARIABLE REMUNERATION

Under Dutch law, the Supervisory Board has the discretionary authority to amend Executive Board payouts, as determined by actual performance against pre-set targets, if they are considered unreasonable or unfair in relation to stakeholders' interests.

The Supervisory Board annually assesses the impact of certain management actions, or external events or circumstances, on results during the performance period, and may use its discretion to adjust for these actions or events. Such actions, events, or circumstances include, but are not limited to, the impact of restructuring, acquisitions, divestments, and share buybacks beyond that anticipated in the target-setting process. External events considered could include economic recession, changes in tax rates, and other events unforeseen in the target-setting process.

Variable remuneration can be clawed back after payout if the payout was based on incorrect information.

IMPLEMENTATION OF REMUNERATION POLICY IN 2021

This section outlines the implementation of the remuneration policy for Executive Board members in 2021, in line with the remuneration policy and the remuneration framework discussed above. It also describes how the performance measures were applied in 2021.

During 2021, remuneration was paid in accordance with the remuneration policy adopted in 2021. There were no deviations from the remuneration policy, nor from the governance process in the execution of the policy. The Supervisory Board carried out a scenario analysis when determining the structure and level of Executive Board remuneration for 2021, in accordance with the Dutch Corporate Governance Code.

The Supervisory Board is of the view that management achieved strong results despite the ongoing challenges of the pandemic, which required the organization to pivot and adapt throughout the year to protect the health and safety of employees, while continuing to deliver for customers.

2021 STIP financial targets were all exceeded, while most non-financial or ESG targets were met or exceeded. The formulaic outcome resulted in cash annual STIP payments of €1,959,938 for the CEO and €893,176 for the CFO.

Three-year performance on total shareholder return and CAGR in diluted EPS were both ahead of the LTIP 2019-2021 targets set three years ago. The performance and shares to be paid out for the LTIP 2019-2021 is discussed below under *Long-term incentive plans*.

Remuneration Report continued

Remuneration of the Executive Board – IFRS based

in thousands of euros, unless otherwise indicated	Fixed remuneration: Base salary	Social security	Pension contribution	Other benefits*	Variable remuneration: STIP	LTIP[2]	Sub-total	Proportion fixed/ variable	Tax related cost	Total
2021										
N. McKinstry[1]	1,348	22	93	572	1,960	4,713	8,708	23%/77%	669	9,377
K.B. Entricken	694	22	64	203	893	1,632	3,508	28%/72%	(104)	3,404
Total	2,042	44	157	775	2,853	6,345	12,216	25%/75%	565	12,781
2020										
N. McKinstry	1,371	22	76	142	1,690	4,463	7,764	21%/79%	(252)	7,512
K.B. Entricken	702	22	45	215	716	1,463	3,163	31%/69%	969	4,132
Total	2,073	44	121	357	2,406	5,926	10,927	24%/76%	717	11,644

[1] In 2021, Ms. McKinstry's base salary was $1,461,000 (€1,347,998). The 2021 STIP payout is calculated on a U.S. dollar denominated equivalent of total salary as: $1,461,000 x 158.7% ($2,318,607 equivalent to €1,959,938).
[2] LTIP share-based payments are based on IFRS accounting policies and therefore do not reflect the actual payout or value of performance shares released upon vesting.
* Executive Board members are eligible for benefits such as health insurance, life insurance, a car, and to participate in whatever all-employee plans may be offered at any given point. Other benefits of Ms. McKinstry include the recognition of a one-time, non-cash accrual of €446,000 to reflect her vesting in the retiree medical plan to which she is entitled based on her tenure and service with the company.

Base salary

We believe the current CEO pay package is appropriate given the market benchmark data for our pay peer group. However, to be responsive to the concerns around quantum from some investors, the Supervisory Board resolved not to increase the CEO base salary for 2021. The Supervisory Board approved an increase in base salary for Mr. Entricken of 2.5% in 2021. This was in line with the budgeted 2021 salary increase for Wolters Kluwer executives globally.

Short-term incentive plan 2021

The STIP provides Executive Board members with a cash incentive for the achievement of specific annual targets for a set of financial and non-financial performance measures determined at the start of the year. The STIP payout as a percentage of base salary for on-target performance is shown in the table below, with the minimum threshold for payout and the maximum payout in the case of overperformance. There is no payout if performance is less than 90% of the STIP target. Payout is capped at performance that is 110% or more than the STIP target. The STIP payout percentages have remained unchanged since 2007.

Payout of STIP variable remuneration takes place only after verification by the external auditor of the company's financial statements, including the financial KPIs on which the financial STIP targets are based.

STIP percentage payout scenarios for 2021

	Minimum payout (% of base salary)	Minimum threshold: no payout if performance is below (% of target)	Target payout (% of base salary)	Maximum payout (% of base salary)	Maximum payout if performance is above (% of target)
CEO	0%	< 90%	125%	175%	≥110%
CFO	0%	< 90%	95%	145%	≥110%

The 2021 performance measures, determined by the Supervisory Board, are listed in the table below. They reflect the key performance indicators (KPIs) on which the company reports and that are important measures of the successful execution of our strategy.

Performance against STIP targets for 2021, together with the resulting STIP payout for the CEO and the CFO for the financial year, is indicated in the table below.

Payouts for performance against 2021 STIP targets

in thousands of euros, unless otherwise indicated

Performance measures	Weighting (A)	Performance targets: Minimum	Target	Maximum	Actual performance: Performance	As % of target	STIP outcomes: N. McKinstry[1] Payout, % of base salary (B)	Weighted (A)x(B)	K.B. Entricken[2] Payout, % of base salary (C)	Weighted (A)x(C)
2021										
Financial										
Revenues	34.0%	4,164	4,627	5,090	4,771	103%	140%	47.6%	110%	37.4%
Adjusted net profit	28.0%	729	810	891	885	109%	170%	47.6%	140%	39.2%
Adjusted free cash flow	28.0%	733	815	896	1,010	124%	175%	49.0%	145%	40.6%
Non-financial/ESG										
Average of six measures	10.0%					104%	145%	14.5%	115%	11.5%
Total payout as % of base salary								**158.7%**		**128.7%**
Total payout								1,960		893

[1] The 2021 STIP payout is calculated on a U.S. dollar denominated equivalent of total base salary as: $1,461,000 x 158.7% ($2,318,607 equivalent to €1,959,938).
[2] The 2021 STIP payout is calculated on a U.S. dollar denominated equivalent of total base salary as: $821,000 x 128.7% ($1,056,627 equivalent to €893,176).

Performance against the individual six STIP non-financial targets for 2021 is detailed in the table below:

Performance against STIP non-financial targets for 2021

Performance measures	Weighting (A)	Performance targets: Minimum	Target	Maximum	Actual performance: Performance	As % of target
Non-financial measures						
% of revenues from *expert solutions*	1.67%	90% of target	55.3%	108% of target	54.5%	99%
Employee engagement score vs high-performing norm (HPN)[1]	1.67%	4-5 percentage points below HPN	HPN ± 1 percentage point	10 percentage points above HPN	HPN + 1 percentage point	100%
A diversity, equity, and inclusion goal	1.67%	Discretionary	Deliver assessment and plan	Discretionary	Assessment and plan were delivered	100%
% completion of annual compliance training	1.67%	<98%	98%	≥ 99.01%	≥ 99.01%	110%
Indexed cybersecurity maturity score (2020 = 100.0)	1.67%	100.0	103.1	106.3	105.6	105%
Number of on-premise servers decommissioned (reducing carbon footprint)	1.67%	808	850	935	2,838	110%
Average of six measures	**10.0%**					**104%**

[1] High-performing norm (HPN) is an independently-defined standard based on companies that qualify for *Fortune's World's Most Admired Companies* and *Great Place to Work* rankings.

Remuneration Report continued

LONG-TERM INCENTIVE PLANS

The LTIP provides Executive Board members conditional rights on shares (performance shares). The plan aims to align the organization and its management with the strategic goals of the company and, in doing so, reward the creation of long-term value for shareholders. The total number of shares that Executive Board members receive depends on the achievement of pre-determined performance conditions at the end of a three-year performance period. The performance measures for the LTIP 2019-2021 were total shareholder return (TSR) relative to our group of TSR peer companies (TSR-related shares) and diluted EPS (EPS-related shares). Payout of the performance shares at the end of the three-year performance period will take place only after verification by the external auditor of the achievement of the TSR and EPS targets.

Total Shareholder Return

TSR objectively measures the company's financial performance and assesses its long-term value creation as compared to other companies in our TSR peer group. It is calculated based on the share price change over the three-year period and assumes ordinary dividends are reinvested. By using a three-year performance period, there is a clear link between remuneration and long-term value creation. The company uses a 60-day average of the share price at the beginning and end of each three-year performance period to reduce the influence of potential stock market volatility.

Wolters Kluwer's TSR performance compared to the peer group determines the number of conditionally awarded TSR-related shares allocated at the end of the three-year performance period. These incentive zones are in line with best practice recommendations for the governance of long-term incentive plans.

TSR performance ranking payout percentage table

Position	Payout as % of conditional shares awarded for on-target performance
1-2	150%
3-4	125%
5-6	100%
7-8	75%
9-16	0%

Diluted adjusted earnings per share and return on invested capital

Executive Board members can earn 0%-150% of the number of conditionally awarded EPS-related or ROIC-related shares, depending on Wolters Kluwer's performance over the three-year performance period.

The Supervisory Board determines the exact targets for the EPS-related and ROIC-related shares for each three-year performance period.

The EPS targets are based on diluted adjusted EPS performance in constant currencies, to exclude benefits or disadvantages based on currency effects over which the Executive Board has no control. In addition, diluted adjusted EPS performance is based on consistent IFRS accounting standards. The ROIC targets are also based on constant currencies.

Using EPS and ROIC as performance measures for LTIP facilitates strong alignment with the successful execution of our strategy to generate long-term shareholder value.

Diluted adjusted EPS and ROIC performance incentive table

Achievement	Payout %
Less than 50% of target	None
On target	100%
Overachievement of target	Up to 150%

Performance against targets for TSR and EPS for the 2018-2020 and 2019-2021 performance periods

LTIP measure	Weighting	Target	Achievement	Payout %
Period 2019-2021				**Vesting**
TSR	50%	Position 5-6	Position 4	125%
Diluted EPS*	50%	CAGR of 12.6%	15.0%	150%
Period 2018-2020				**Vesting**
TSR	50%	Position 5-6	Position 3	125%
Diluted EPS*	50%	CAGR of 10.4%	11.1%	135%

* LTIP 2018-2020 and LTIP 2019-2021 were based on the former remuneration policy, which used TSR and diluted EPS. For calculation purposes, we are using the definition of diluted EPS that can be found in the *Glossary*.

VESTED LONG-TERM INCENTIVE PLANS

LTIP vesting for the performance period 2019–2021

The LTIP 2019-2021 vested on December 31, 2021. Vested LTIP 2019-2021 shares will be released on February 24, 2022. The volume-weighted average price for the shares released will be based on the average exchange price traded at Euronext Amsterdam on February 24, 2022, the first day following the company's publication of its annual results.

Conditional share awards vested for the period 2019-2021

number of shares, unless otherwise stated	Outstanding at December 31, 2021	Additional conditional number of TSR shares (25%)	Additional conditional number of EPS shares (50%)	Vested/payout February 24, 2022	Estimated cash value of payout *(in thousands of euros)**
N. McKinstry	92,306	13,347	19,459	125,112	12,962
K.B. Entricken	28,486	4,119	6,005	38,610	4,000
Total	120,792	17,466	25,464	163,722	16,962
Senior Management	353,908	44,259	88,551	486,718	50,424
Total	474,700	61,725	114,015	650,440	67,386

* Estimated cash value calculated as the number of shares vested multiplied by the closing share price on December 31, 2021 (€103.60).

Remuneration Report continued

LTIP vesting for the performance period 2018-2020

The LTIP 2018-2020 vested on December 31, 2020. A total number of 705,214 shares were released on February 25, 2021. On that day, the volume-weighted average price of Wolters Kluwer N.V. was €64.9899. The following table indicates the number of shares vested and the cash equivalent.

LTIP: shares vested for the performance period 2018-2020

number of shares, unless otherwise stated	Outstanding at December 31, 2020	Additional conditional number of TSR-shares (25%)	Additional conditional number of EPS-shares (35%)	Vested/payout February 25, 2021	Cash value of vested shares*
N. McKinstry	108,117	15,563	16,052	139,732	9,081
K.B. Entricken	34,189	4,922	5,076	44,187	2,872
Total	142,306	20,485	21,128	183,919	11,953
Senior management	400,962	50,148	70,185	521,295	33,879
Total	543,268	70,633	91,313	705,214	45,832

* Cash value in thousands of euros; calculated as the number of shares vested multiplied by the volume weighted average price on February 25, 2021.

CONDITIONALLY AWARDED SHARES

This section provides information on the conditional share awards under the outstanding (in-flight) LTIPs for Executive Board members and other senior management.

LTIP awards 2020-2022 and 2021-2023

The Executive Board members and other senior management have been conditionally awarded the following number of shares based on a 100% payout, subject to the conditions of the LTIP grants for 2020-2022 and 2021-2023:

Conditional LTIP share awards for performance periods 2020-2022 and 2021-2023

number of shares at 100% payout	Conditionally awarded TSR-based shares	Conditionally awarded EPS-based shares	Conditionally awarded TSR-based shares	Conditionally awarded ROIC and EPS-based shares	Total conditionally awarded shares
	LTIP 2020-2022	LTIP 2020-2022	LTIP 2021-2023	LTIP 2021-2023	December 31, 2021
N. McKinstry	48,255	32,486	38,618	28,352	147,711
K.B. Entricken	17,523	11,797	15,300	11,233	55,853
Total	65,778	44,283	53,918	39,585	203,564
Senior management*	144,775	144,774	168,451	168,450	626,450
Total	210,553	189,057	222,369	208,035	830,014

* Remuneration of senior management consists of a base salary, STIP, and LTIP, and is based on the achievement of specific objective targets linked to creating value for shareholders, such as revenue and profit performance. The LTIP targets and payout schedule for senior management are similar to those for the Executive Board.

KEY ASSUMPTIONS FOR LTIP 2020-2022 AND LTIP 2021-2023 SHARES

Fair values for LTIP shares are provided in the table below. In the benchmarking process, the fair value of share-based remuneration is standardized to ensure a like-for-like comparison to peer companies.

	LTIP 2021-2023	LTIP 2020-2022
Fair values		
Fair value of (Adjusted-) EPS shares at grant date (in €)	64.06	60.68
Fair value of ROIC shares at grant date (in €)	64.06	–
Fair value of TSR shares at grant date (in €)	47.03	40.85
TSR shares – key assumptions		
Share price at grant date (in €)	69.06	65.02
Expected volatility	21.8%	16.5%

The fair value of TSR shares is calculated at the grant date using the Monte Carlo model. For the TSR shares granted in the LTIP 2021-2023, the fair value is estimated to be €47.03 as of January 1, 2021. The inputs to the valuation were the Wolters Kluwer share price of €69.06 on the grant date (January 1, 2021) and an expected volatility of 21.8% based on historical daily prices over the three years prior to January 1, 2021. Dividends are assumed to increase annually based on historic trend and management plans. The model assumes a contractual life of three years and uses the risk-free rate on Dutch three-year government bonds.

PROPOSED REMUNERATION APPROACH FOR 2022

This section describes arrangements that will be put into place for 2022, in line with the remuneration policy as adopted at the April 2021 AGM.

Base salary

The Supervisory Board approved a regular increase in base salary for the CEO and CFO of 2.5%, in line with the overall budgeted 2022 salary increase for Wolters Kluwer employees globally.

Short-term incentive plan 2022

The STIP percentage payout scenarios for 2022 will be the same as in 2021 (shown in the table on page 86). According to the remuneration policy, the Supervisory Board can annually select measures from a pre-defined list of financial measures, providing flexibility for the Supervisory Board and transparency for stakeholders. A full list of financial measures is provided in the summary table at the front of this Remuneration Report. The financial measures carry a weight of at least 80% under the new remuneration policy adopted in 2021. The Supervisory Board has selected the following measures from the list for 2022:

Financial performance measures for STIP 2022

Measure	Weighting	How performance is calculated
Revenues	34%	STIP financial targets are based on the annual budget which assumes development of the existing business. In calculating STIP performance results, the effect of changes in currency is excluded and is based on consistent IFRS accounting standards.
Adjusted net profit	28%	
Adjusted free cash flow	28%	
Total weighting of STIP financial measures	**90%**	

Non-financial performance measures for STIP 2022

The non-financial measures relate to ESG, strategic, or operational priorities. The policy sets the maximum weight for these non-financial measures at 20% of the STIP. In 2022, the weight will be set at 10% with each measure equal-weighted and separately assessed. The measures will apply equally to the CEO and CFO and have been cascaded down to all executives.

In 2022, the following three strategically-relevant ESG measures will be applied. All three measures will be quantifiable and verifiable.

Remuneration Report continued

Non-financial performance measures for 2022

ESG objective	Measure	Weighting %	Description of target and how it is measured
Workforce diversity and employee engagement	Belonging score	3.33%	The annual target aims to achieve an improvement in our overall belonging score. Belonging measures the extent to which employees believe they can bring their authentic selves to work and be accepted for who they are. The score (on a scale of 0-100) is determined by an independent third party (2021: Microsoft GLINT).
Secure systems and processes	Indexed cybersecurity maturity score	3.33%	The annual target is based on a company-wide program designed to maintain and advance cybersecurity. Our cybersecurity maturity score is assessed annually by a third party, based on the National Institute of Standards and Technology (NIST) framework. The score is indexed with a base line of 100.0 in 2020. The annual target aims to achieve annual improvement on the baseline.
Reduction in carbon footprint	Number of on-premise servers decomissioned	3.33%	The annual target is based on programs managed by Global Business Services, Digital eXperience Group, and the four divisions. Decommissioning of on-premise servers by migrating to energy-efficient cloud platforms reduces our carbon footprint.
Total weighting of STIP non-financial measures		**10.0%**	

Weighting of STIP 2022 performance measures

Disclosure of STIP targets

The Supervisory Board does not disclose STIP targets in advance due to their commercial sensitivity. In response to shareholder requests for greater transparency, we have disclosed STIP targets retrospectively in this report.

LONG-TERM INCENTIVE PLAN 2022-2024

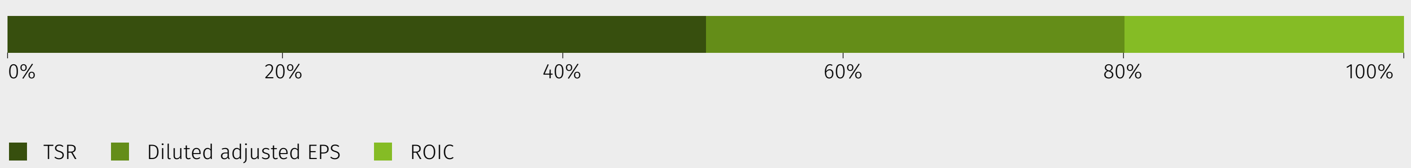
Conditional LTIP grants under the new remuneration policy

The CEO's target remuneration is positioned in line with the median of the pay peer group. However, having listened to shareholder concerns about the quantum of CEO remuneration, we proposed as part of the new remuneration policy in 2021, in consultation with the CEO, to reduce the maximum award of conditional shares from 285% to 240% over a two-year period. This change will take place in two steps (265% for 2021 and 240% for 2022) and will effectively reduce the CEO's target remuneration by about 10%.

The CFO's target conditional award is 200%.

Wolters Kluwer uses the fair value method for calculating the number of conditional performance shares to be awarded.

Weighting of LTIP 2022-2024 performance measures



For the LTIP 2022-2024 cycle, in accordance with the policy adopted by shareholders at the 2021 AGM, the Supervisory Board will maintain TSR, measured against 15 peers, as an LTIP measure with a weighting of 50% of the value of the LTIP. In addition, the Supervisory Board will keep diluted adjusted EPS at 30% of the value and ROIC at 20%. These measures were selected based on investor feedback and the Supervisory Board's continued desire to incentivize management to drive long-term value creation.

Prospective disclosure of LTIP targets

We committed to disclose the LTIP targets prospectively (in addition to continuing retrospective disclosure of LTIP targets), upon adoption of the remuneration policy by the 2021 AGM. For plans designed under the new policy, targets are provided below.

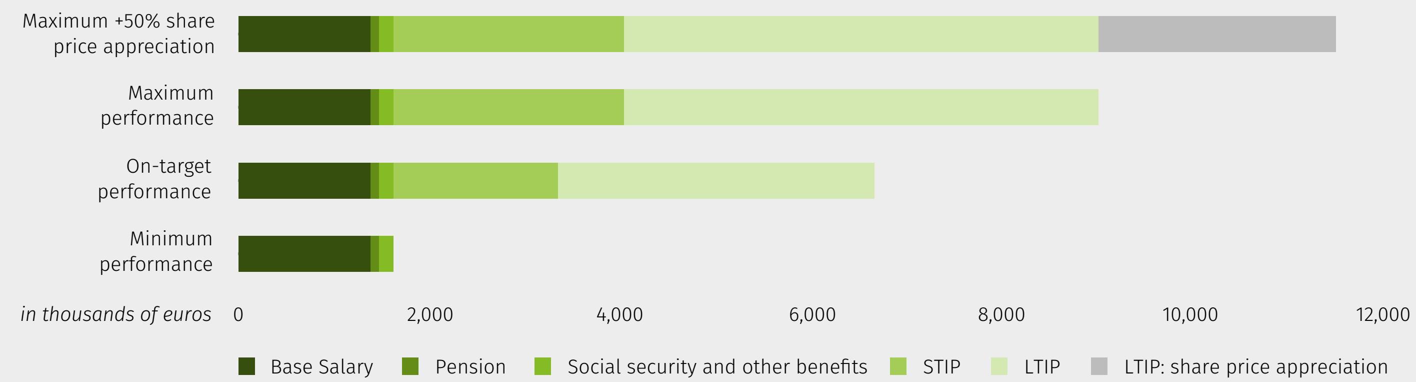
LTIP Measure	Weighting	Target in constant currencies
Period 2022-2024		
TSR	50%	Position 5-6
Diluted adjusted EPS	30%	CAGR of 9.3%
ROIC	20%	Final year ROIC of 16.6%
Period 2021-2023		
TSR	50%	Position 5-6
Diluted adjusted EPS	30%	CAGR of 8.5%
ROIC	20%	Final year ROIC of 13.9%
Period 2020-2022		
TSR	50%	Position 5-6
Diluted basic EPS	50%	Not disclosed

Conditional LTIP grants 2022-2024

In accordance with the commitment of the Supervisory Board in 2021 upon adoption of the remuneration policy, the LTIP target level for the 2022-2024 performance period will be 240% for the CEO. The target level for the CFO is 200%. The number of shares conditionally awarded at the start of the performance period is computed by dividing the amount, as calculated above, by the fair value of a conditionally awarded share at the start of the performance period. As the fair value of TSR-related shares can be different from the fair value of EPS- and ROIC-related shares, the number of conditionally awarded TSR-related shares can deviate from the number of conditionally awarded EPS- and ROIC-related shares.

2022 performance-driven CEO remuneration scenarios

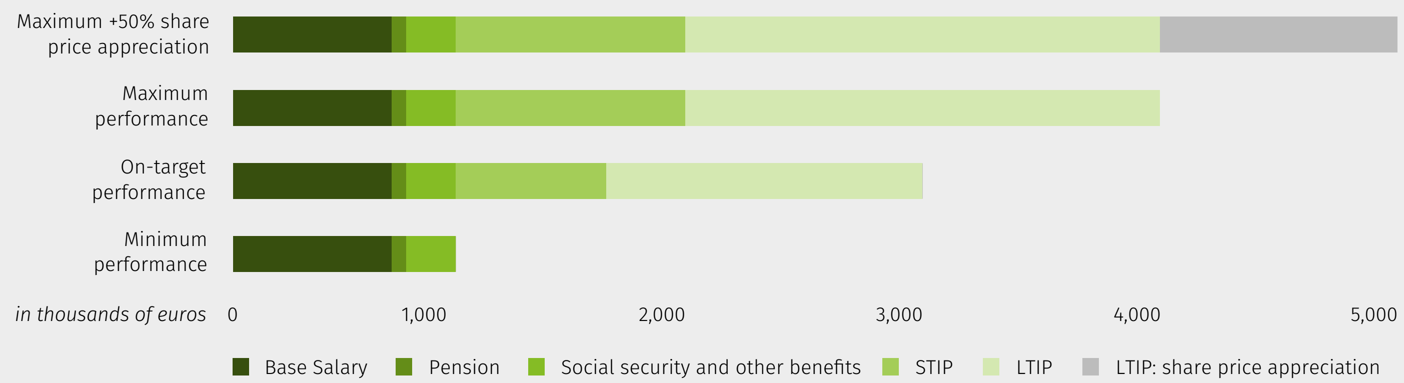
Proposed 2022 remuneration retains high proportion of performance-driven pay



Remuneration Report continued

2022 performance-driven CFO remuneration scenarios

Proposed 2022 remuneration retains high proportion of performance-driven pay



SHARE OWNERSHIP AND HOLDING REQUIREMENTS

According to our remuneration policy, the CEO will be required to own Wolters Kluwer shares valued at three times base salary, with other Executive Board members required to hold shares valued at twice base salary. Our current Executive Board members are already in compliance with this ownership requirement, with their personal shareholdings in Wolters Kluwer N.V. shown below:

Shares owned by Executive Board members

number of shares, unless otherwise stated	Actual ownership as multiple of base salary (as at December 31, 2021)*	Actual ownership as multiple of base salary (as at December 31, 2020)*	December 31, 2021	December 31, 2020
N. McKinstry	28.6x	23.3x	372,131	462,131
K.B. Entricken	6.0x	3.6x	40,036	36,636

* Number of Wolters Kluwer N.V. shares held at December 31 multiplied by the Wolters Kluwer N.V. share price on that date, divided by base salary.

In addition to these ownership requirements, according to the remuneration policy, performance shares (net of any income taxes due on vesting) are subject to a two-year holding period requirement, as provided in the Dutch Corporate Governance Code. This two-year holding period applies to the LTIP 2021-2023 and later plans and extends the total required retention period to five years including the three-year performance and vesting period.

If the Executive Board member is eligible for a company-sponsored deferral program and chooses to participate by deferring LTIP proceeds upon vesting, the maximum amount that can be deferred is 50% of the vested value. The remaining vested value in shares (net of taxes) is subject to the two-year holding period requirement.

CEO PAY-RATIO

The pay-ratio, obtained by dividing the total 2021 remuneration for the CEO by the average of the total 2021 remuneration of all employees worldwide, was 87 (2020: 79). For this purpose, the total CEO remuneration is based on the remuneration costs as stated in the table *Remuneration of the Executive Board – IFRS based*, minus tax-related costs. The average employee remuneration is obtained by dividing the 2021 total personnel expenses as stated in *Note 13 – Personnel Expenses* (after subtracting the CEO's remuneration), by the reported average number of full-time employees (minus one). As such, both the total CEO remuneration (minus tax-related costs) and the average total remuneration of all employees (minus the CEO's remuneration) are based on IFRS standards. The difference between the 2020 and 2021 pay ratios was due to the one-time non-cash accrual of retiree medical benefits and higher variable pay.

OTHER INFORMATION

The company does not grant any personal loans, guarantees, or the like to Executive Board or Supervisory Board members.

Supervisory Board remuneration

A revised Supervisory Board remuneration policy was adopted at the 2020 AGM. The Supervisory Board had reviewed its own remuneration and established the new policy on the recommendation of the Selection and Remuneration Committee. This was in line with the November 2019 Dutch legislation which implemented the amended Shareholder Rights Directive. According to this policy, the remuneration for the Supervisory Board aims to attract and retain high caliber individuals with the relevant skills and experience to guide the development and execution of company strategy and facilitate long-term value creation.

Supervisory Board remuneration is not tied to company performance and therefore includes fixed remuneration only. In exceptional circumstances, ad-hoc committees may be established, for which the Chair and members may receive pro-rated remuneration at the level of the Audit Committee fee, capped at five times the annual fee of the Audit Committee. Resolutions are always taken by the full Supervisory Board.

The Supervisory Board seeks advice from an independent external remuneration advisor.

Supervisory Board remuneration

in thousands of euros	Member Selection and Remuneration Committee	Member Audit Committee	2021	2020	2019
F.J.G.M. Cremers, Chair	Co-Chair		128	128	114
A.E. Ziegler, Vice-Chair	Yes		102	102	95
B.J.F. Bodson[1]			82	72	22
J.P. de Kreij[3]		Chair	94	92	–
J.A. Horan	Co-Chair		91	96	100
S. Vandebroek[3]		Yes	93	61	–
C.F.H.H. Vogelzang[2]		Yes	88	88	58
Former Supervisory Board members					
B.F.J. Angelici[4]			–	–	20
R.D. Hooft Graafland[6]			–	34	97
B.J. Noteboom[4]			–	–	25
F.M. Russo[5]			–	–	97
Total			678	673	628

1 Appointed at the AGM of 2019, with effect from September 1, 2019.
2 Appointed at the AGM of 2019.
3 Appointed at the AGM of 2020.
4 Retired after the AGM of 2019.
5 Retired at year-end 2019.
6 Retired after the AGM of 2020.

Remuneration Report continued

Supervisory Board members' fees

The table below shows the fee schedule for Supervisory Board members. It also shows the proposed new remuneration as of 2022, which proposal will be submitted to the 2022 Annual General Meeting of Shareholders. This proposal is in line with the Supervisory Board remuneration policy which was adopted in 2020 by the AGM with 99.11% of votes in favor and reflects the responsibilities of Supervisory Board members, remuneration levels at other two-tier board Dutch listed (AEX) companies and selected European companies, and the international composition of the Supervisory Board.

Supervisory Board members' fees

in euros	Annual fee 2020	Annual fee 2021	Proposed new fee
Chair	112,000	112,000	130,000
Vice-Chair	83,500	83,500	95,000
Members	70,000	70,000	75,000
Chair Audit Committee	22,500	22,500	25,000
Members Audit Committee	16,500	16,500	18,000
Chair Selection and Remuneration Committee	17,500*	17,500*	20,000**
Members Selection and Remuneration Committee	11,500	11,500	14,000
Travel allowance for intercontinental travel	5,000 per meeting	5,000 per meeting	5,000 per meeting

* Due to the co-chair arrangement, each co-chair receives €14,500.
** Due to the co-chair arrangement, each co-chair will receive €17,000.

Shares owned by Supervisory Board members

At December 31, 2021, Ms. Ziegler held 1,894 American Depositary Receipts (each Depositary Receipt represents one ordinary Wolters Kluwer share) (2020: none). None of the other Supervisory Board members held shares in Wolters Kluwer (2020: none).

SHAREHOLDER VOTING AT ANNUAL GENERAL MEETING

The following table sets out the voting results in respect of resolutions relating to remuneration at the AGM held on April 22, 2021.

Shareholder voting outcomes at the 2021 AGM

Resolution		% of votes for	% of votes against	votes withheld
2020 Remuneration Report	Advisory	95.98%	4.02%	731,864
2021 Proposed Executive Board Remuneration Policy	Binding	97.14%	2.86%	24,293

FIVE-YEAR OVERVIEW OF ANNUAL CHANGES IN REMUNERATION (IFRS BASED)

The table below provides an overview of Executive Board remuneration, Supervisory Board remuneration, company performance, and average employee remuneration for the past five years.

Five-year overview of annual changes in remuneration (IFRS based)

in thousands of euros, unless otherwise stated	2021	2020	2019	2018	2017
Executive Board remuneration (excluding tax-related cost)					
N. McKinstry	8,708	7,764	7,932	7,792	7,661
Change (in %)	12.2	(2.1)	1.8	1.7	15.2
K.B. Entricken	3,508	3,163	3,181	3,298	3,103
Change (in %)	10.9	(0.6)	(3.6)	6.3	15.1
Supervisory Board remuneration*					
F.J.G.M. Cremers, Chair[1]	128	128	114	117	60
A.E. Ziegler, Vice-Chair[1]	102	102	95	95	57
B.J.F. Bodson[4]	82	72	22	–	–
J.A. Horan[3]	91	96	100	91	88
J.P. de Kreij[2]	94	92	–	–	–
S. Vandebroek[2]	93	61	–	–	–
C.F.H.H. Vogelzang[4]	88	88	58	–	–
R.D. Hooft Graafland[9]	–	34	97	100	80
F.M. Russo[5]	–	–	97	97	87
B.J. Angelici[6]	–	–	20	85	72
B.J. Noteboom[6]	–	–	25	82	72
P.N. Wakkie[7]	–	–	–	–	25
L.P. Forman[7]	–	–	–	–	32
Company performance					
Organic growth (in %)	5.7	1.7	4.3	4.3	3.4
Adjusted operating profit margin (in %)	25.3	24.4	23.6	23.1	22.2
Year-end closing share price (€)	103.60	69.06	65.02	51.66	43.48
Share price change (in %)	50	6	26	19	26
Total shareholder return (in %)	52	8	28	21	29
Average remuneration on a full-time equivalent basis of employees					
Total personnel cost per FTE, excluding CEO	99.7	98.6	97.6	92.3	93.9

* Members of the Supervisory Board are independent from the company. Their remuneration is not tied to Wolters Kluwer's performance and therefore includes fixed remuneration only.
1 Appointed at the AGM of 2017.
2 Appointed at the AGM of 2020.
3 Appointed at the AGM of 2016.
4 Appointed at the AGM of 2019. Mr. Bodson's appointment was with effect from September 1, 2020.
5 Appointed at the AGM of 2016; retired per year end 2019.
6 Retired after the AGM of 2019.
7 Retired after the AGM of 2017.
9 Retired after the AGM of 2020.

Financial Statements

SECTION OVERVIEW

2021 Financial Statements

Notes to the Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

in millions of euros, unless otherwise stated, for the year ended December 31		2021	2020
Revenues	*Note 5/6*	4,771	4,603
Cost of revenues	*Note 5*	(1,374)	(1,359)
Gross profit	*Note 5*	3,397	3,244
Sales costs	*Note 10*	(806)	(784)
General and administrative costs	*Note 11*	(1,550)	(1,480)
Total operating expenses	*Note 5*	(2,356)	(2,264)
Other gains and (losses)	*Note 12*	(29)	(8)
Operating profit	*Note 5*	1,012	972
Financing income		4	10
Financing costs		(82)	(56)
Other finance income/(costs)		(6)	5
Total financing results	*Note 15*	(84)	(41)
Share of profit of equity-accounted investees, net of tax	*Note 21*	1	6
Profit before tax		929	937
Income tax expense	*Note 16*	(201)	(216)
Profit for the year		728	721
Attributable to:			
– Owners of the company		728	721
– Non-controlling interests	*Note 17*	0	0
Profit for the year		728	721
Earnings per share (EPS) (€)			
Basic EPS	*Note 7*	2.79	2.72
Diluted EPS	*Note 7*	2.78	2.70

Consolidated Statement of Comprehensive Income

in millions of euros, for the year ended December 31		2021	2020
Comprehensive income			
Profit for the year		728	721
Other comprehensive income			
Items that are or may be reclassified subsequently to the consolidated statement of profit or loss:			
Exchange differences on translation of foreign operations		314	(348)
Eschange differences on translation of equity-accounted investees	*Note 21*	1	0
Recycling of foreign exchange differences on loss of control	*Note 8*	40	0
Gains/(losses) on hedges of net investments in foreign operations		(16)	11
Gains/(losses) on cash flow hedges		6	(24)
Net change in fair value of cash flow hedges reclassified to the consolidated statement of profit or loss	*Note 15*	4	6
Items that will not be reclassified to the consolidated statement of profit or loss:			
Remeasurement gains/(losses) on defined benefit plans	*Note 31*	16	0
Other comprehensive income/(loss) for the year, before tax		365	(355)
Income tax on items that may subsequently be reclassified to the consolidated statement of profit or loss		0	1
Income tax on items that will not be reclassified to the consolidated statement of profit or loss		(4)	0
Income tax on other comprehensive income	*Note 23*	(4)	1
Other comprehensive income/(loss) for the year		361	(354)
Total comprehensive income for the year		1,089	367
Attributable to:			
– Owners of the company		1,088	367
– Non-controlling interests		1	0
Total		1,089	367

Consolidated Statement of Cash Flows

in millions of euros, for the year ended December 31		**2021**	**2020**
Cash flows from operating activities			
Profit for the year		728	721
Adjustments for:			
Income tax expense	*Note 16*	201	216
Share of profit of equity-accounted investees, net of tax	*Note 21*	(1)	(6)
Financing results	*Note 15*	84	41
Amortization, impairment, and depreciation	*Note 14*	473	442
Book (profit)/loss on disposal of operations and non-current assets		10	(7)
Fair value changes of contingent considerations	*Note 12*	0	(4)
Additions to and releases from provisions	*Note 32*	15	42
Appropriation of provisions	*Note 32*	(36)	(19)
Changes in employee benefit provisions		(9)	(4)
Share-based payments	*Note 34*	24	24
Other adjustments		(4)	(2)
Adjustments excluding autonomous movements in working capital		757	723
Inventories		(3)	0
Contract assets	*Note 25*	(16)	(6)
Trade and other receivables		(78)	22
Deferred income	*Note 25*	113	44
Other contract liabilities	*Note 25*	14	29
Trade and other payables		120	(50)
Autonomous movements in working capital		150	39
Total adjustments		907	762
Net cash flows from operations		1,635	1,483
Interest paid (including the interest portion of lease payments)		(72)	(75)
Interest received		6	10
Paid income tax	*Note 23*	(277)	(221)
Net cash from operating activities		1,292	1,197

in millions of euros, for the year ended December 31		**2021**	**2020**
Cash flows from investing activities			
Capital expenditure	*Note 18/19*	(240)	(238)
Proceeds from disposal of other intangible assets and property, plant, and equipment		1	7
Acquisition spending, net of cash acquired	*Note 8*	(108)	(395)
Receipts from divestments, net of cash disposed	*Note 8*	76	50
Dividends received	*Note 21*	0	1
Cash from settlement of net investment hedges		(16)	12
Net cash used in investing activities		(287)	(563)
Cash flows from financing activities			
Repayment of loans		(100)	(363)
Proceeds from new loans		500	496
Repayment of principal portion of lease liabilities	*Note 20*	(68)	(74)
Collateral paid	*Note 30*	–	(2)
Repurchased shares	*Note 33*	(410)	(350)
Dividends paid	*Note 33*	(373)	(334)
Net cash used in financing activities		(451)	(627)
Net cash flow before effect of exchange differences		554	7
Exchange differences on cash and cash equivalents and bank overdrafts		76	(77)
Net change in cash and cash equivalents and bank overdrafts		630	(70)
Cash and cash equivalents less bank overdrafts at January 1		364	434
Cash and cash equivalents less bank overdrafts at December 31	*Note 27*	994	364
Add: Bank overdrafts at December 31	*Note 27*	9	359
Less: Cash included in assets classified as held for sale at December 31	*Note 9*	(2)	–
Cash and cash equivalents in the consolidated statement of financial position at December 31	*Note 27*	1,001	723

Consolidated Statement of Financial Position

in millions of euros, at December 31		**2021**	**2020***
Non-current assets			
Goodwill	*Note 18*	4,180	3,969
Intangible assets other than goodwill	*Note 18*	1,620	1,669
Property, plant, and equipment	*Note 19*	75	84
Right-of-use assets	*Note 20*	301	319
Investments in equity-accounted investees	*Note 21*	10	8
Financial assets	*Note 22*	5	5
Other receivables	*Note 26*	18	20
Contract assets	*Note 25*	19	21
Deferred tax assets	*Note 23*	62	72
Total non-current assets		6,290	6,167
Current assets			
Inventories	*Note 24*	65	68
Contract assets	*Note 25*	138	111
Trade receivables	*Note 25*	1,008	986
Other receivables	*Note 26*	366	272
Current income tax assets	*Note 23*	59	23
Cash and cash equivalents	*Note 27*	1,001	723
Assets classified as held for sale	*Note 9*	101	–
Total current assets		2,738	2,183
Total assets		9,028	8,350

* Restated for certain reclassifications. See *Note 1 – General and Basis of Preparation*.

in millions of euros, at December 31		**2021**	**2020***
Equity			
Issued share capital	*Note 33*	32	32
Share premium reserve		87	87
Legal reserves		215	(118)
Treasury shares		(247)	(222)
Retained earnings		2,330	2,308
Equity attributable to the owners of the company	*Note 47*	2,417	2,087
Non-controlling interests	*Note 17*	0	0
Total equity		2,417	2,087
Non-current liabilities			
Bonds		2,625	2,126
Private placements		153	157
Lease liabilities		260	276
Other long-term debt		13	17
Total long-term debt	*Note 29*	3,051	2,576
Deferred tax liabilities	*Note 23*	294	305
Employee benefits	*Note 31*	90	115
Provisions	*Note 32*	7	4
Non-current deferred income	*Note 25*	113	112
Total non-current liabilities		3,555	3,112
Current liabilities			
Deferred income	*Note 25*	1,709	1,518
Other contract liabilities	*Note 25*	80	66
Trade and other payables	*Note 28*	944	819
Current income tax liabilities	*Note 23*	142	169
Short-term provisions	*Note 32*	27	48
Borrowings and bank overdrafts	*Note 29*	9	459
Short-term lease liabilities	*Note 29*	71	72
Liabilities classified as held for sale	*Note 9*	74	–
Total current liabilities		3,056	3,151
Total liabilities		6,611	6,263
Total equity and liabilities		9,028	8,350

* Restated for certain reclassifications. See *Note 1 – General and Basis of Preparation*.

Consolidated Statement of Changes in Total Equity

in millions of euros	Issued share capital	Share premium reserve	Legal reserves Legal reserve participations	Hedge reserve	Translation reserve	Other reserves Treasury shares	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2020*	33	87	139	(110)	213	(279)	2,297	2,380	0	2,380
Profit for the year							721	721	0	721
Other comprehensive income/(loss) for the year				(6)	(348)		0	(354)	0	(354)
Total comprehensive income for the year				(6)	(348)		721	367	0	367
Transactions with owners of the company, recognized directly in equity:										
Share-based payments							24	24		24
Cancelation of shares	(1)					346	(345)	0		0
Release LTIP shares						61	(61)	0		0
Final cash dividend 2019							(210)	(210)	0	(210)
Interim cash dividend 2020							(124)	(124)		(124)
Repurchased shares						(350)		(350)		(350)
Other movements			(6)		0		6	0		0
Balance at December 31, 2020*	32	87	133	(116)	(135)	(222)	2,308	2,087	0	2,087
Balance at January 1, 2021	32	87	133	(116)	(135)	(222)	2,308	2,087	0	2,087
Profit for the year							728	728	0	728
Other comprehensive income/(loss) for the year				(6)	354		12	360	1	361
Total comprehensive income for the year				(6)	354		740	1,088	1	1,089
Transactions with owners of the company, recognized directly in equity:										
Share-based payments							24	24		24
Cancelation of shares	0					336	(336)	0		0
Release LTIP shares						49	(49)	0		0
Final cash dividend 2020							(232)	(232)	(1)	(233)
Interim cash dividend 2021							(140)	(140)		(140)
Repurchased shares						(410)		(410)		(410)
Other movements			(15)		0		15	0		0
Balance at December 31, 2021	32	87	118	(122)	219	(247)	2,330	2,417	0	2,417

* Restated for certain reclassifications. See *Note 1 – General and Basis of Preparation*.

Notes to the Consolidated Financial Statements

Note 1 – General and Basis of Preparation

GENERAL

Reporting entity

Wolters Kluwer N.V. (the company) with its subsidiaries (together referred to as 'the group', and individually as 'group entities') is a global leader in professional information, software solutions, and services for the health, tax and accounting, finance, risk and compliance, and legal and regulatory sectors. We help our customers make critical decisions every day by providing *expert solutions* that combine deep domain knowledge with technology and services.

The group maintains operations across the U.S. & Canada, Europe, Asia Pacific, and other regions (referred to as 'Rest of World'). The company's ordinary shares are quoted on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices.

The registered office of Wolters Kluwer N.V. is located at Zuidpoolsingel 2, Alphen aan den Rijn, the Netherlands, with its statutory seat in Amsterdam and a registration with the Dutch Commercial Register under number 33.202.517.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations, prevailing as of December 31, 2021, as endorsed for use in the European Union by the European Commission.

These financial statements were authorized for issuance by the Executive Board and the Supervisory Board on February 22, 2022. The adoption of the financial statements and the adoption of the dividend are reserved for the shareholders in the Annual General Meeting of Shareholders on April 21, 2022.

Consolidated financial statements

The consolidated financial statements of the company at and for the year ended December 31, 2021, comprise the group and the group's interest in associates. The significant accounting policies applied in the preparation of these consolidated financial statements are set out in *Note 2 – Significant Accounting Policies* and the relevant respective notes to the consolidated financial statements.

A list of subsidiaries has been filed with the Chamber of Commerce in The Hague, the Netherlands, and is available from the company upon request. An overview of the significant subsidiaries is included in *Note 39 – Overview of Significant Subsidiaries*.

BASIS OF PREPARATION

Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following material items in the consolidated statement of financial position:

- Financial assets and financial liabilities (including derivative financial instruments) measured at fair value;
- Assets and liabilities held for sale;
- Contingent considerations;
- Share-based payments; and
- Net defined employee benefit assets/liabilities.

Functional and presentation currency

The consolidated financial statements are presented in euros, which is the company's functional and presentation currency. Unless otherwise indicated, the financial information is in euros and has been rounded to the nearest million.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expense. Refer to *Note 3 – Accounting Estimates and Judgments*.

Note 1 – General and Basis of Preparation continued

Going concern

The Executive Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements. The Executive Board believes that no events or conditions, including the COVID-19 pandemic, give rise to doubt about the ability of the group to continue in operation at least 12 months from the end of the reporting period.

This conclusion is drawn based on knowledge of the group, the estimated economic outlook and related identified risks and uncertainties. Furthermore, the conclusion is based on a review of the three-year strategic plan and next year's budget, including expected development in liquidity and capital, which includes the evaluation of current credit facilities available, contractual and expected maturities of financial liabilities, and loan covenants. Consequently, it was concluded that it is reasonable to apply the going concern assumption for the preparation of the consolidated financial statements.

Effect of new accounting standards

Except for the EU-endorsed amendments below, the group has consistently applied the accounting policies set out in *Note 2 – Significant Accounting Policies* and the relevant respective notes to the consolidated financial statements, to all periods presented in these financial statements.

The group has applied the following amendments for the first time for the annual reporting period commencing January 1, 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 7, IFRS 9, IFRS 16, and IAS 39).

In the prior year, the group adopted the Interest Rate Benchmark Reform Phase 1 amendments. These amendments modified specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the group adopted the Interest Rate Benchmark Reform Phase 2 amendments. Adopting these amendments enables the group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The fixed interest payments on the group's private placements denominated in Japanese yen are hedged to euro, via cross-currency interest rate swaps. Both the Japanese Libor and Euribor are inputs in the fair value determination. The Phase 1 reliefs have allowed the group to continue its fair value determination during the period of uncertainty. In the group's other hedging relationships, no IBOR is used as input in the fair value determinations, nor is there any reference to any IBOR in the hedge contracts.

See *Note 30 – Financial Risk Management* for further disclosure on the Interest Rate Benchmark Reform.

Agenda decisions by IFRS Interpretations Committee – Configuration or customization costs in a cloud computing agreement (IAS 38 Intangible Assets)
The group assessed the impact of this Agenda decision and concluded that it did not have a significant impact on the amounts recognized in the current or prior periods.

Effect of forthcoming accounting standards

The following forthcoming amendments and new standards are not yet effective for the year ended December 31, 2021, and have not been early adopted in preparing these financial statements:

- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 9 and IFRS 16);
- References to the Conceptual Framework (Amendments to IFRS 3);
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28);
- IFRS 17 Insurance Contracts;
- Classification of liabilities as current or non-current (Amendments to IAS 1);
- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of accounting estimates (Amendments to IAS 8);
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12);
- Property, Plant, and Equipment – Proceeds before intended use (Amendments to IAS 16); and
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).

Note 1 – General and Basis of Preparation continued

The group expects no significant impact from these amendments and new standards.

Comparatives

The comparative disclosures were adjusted as follows:

- In the 2020 consolidated statement of financial position, both deferred tax assets and deferred tax liabilities decreased by €33 million, due to a change in presentation of certain tax allowances.
- In the consolidated statement of changes in equity, an amount of €19 million is reclassified from the translation reserve to the hedge reserve, to adjust for an erroneous classification, at January 1, 2020, and December 31, 2020.

In addition, certain immaterial reclassifications have been made to the comparative consolidated statement of cash flows, the comparative consolidated statement of financial position, and the related notes to conform to the current year presentation and to improve insights. These reclassifications have had no impact on the comparative shareholders' equity and comparative profit for the year.

Note 2 – Significant Accounting Policies

Except for the changes explained in *Note 1 – General and Basis of Presentation*, the group has consistently applied the significant accounting policies to all periods presented in these consolidated financial statements. The main principles for the determination and presentation of results and the valuation and presentation of assets and liabilities are described in the relevant respective notes to the consolidated financial statements.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The principle of control is the basis for determining which entities are consolidated in the consolidated financial statements.

Loss of control

Upon loss of control, the group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests, and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss.

If the group retains any equity interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, the remaining interest is accounted for as an equity-accounted investee or as a financial asset at fair value through profit or loss or other comprehensive income, depending on the level of influence retained.

Transactions eliminated on consolidation

Intragroup balances, transactions, and any unrealized gains and losses arising from transactions between group companies are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions between the group and its equity-accounted investees are eliminated to the extent of the group's interest in the equity-accounted investees.

Foreign currency

Functional and presentation currency
Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the group entities operate (the functional currency). The consolidated financial statements are presented in euros, which is the group's presentation currency.

Note 2 – Significant Accounting Policies continued

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions during the year and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognized in profit or loss.

Foreign currency differences arising from the following items are recognized in other comprehensive income:
- Qualifying cash flow hedges to the extent that the hedge is effective; and
- Qualifying net investment hedges on foreign operations to the extent that the hedge is effective.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies, that are stated at fair value, are translated to the functional currency at the foreign exchange rates prevailing on the dates the fair value was determined.

Foreign operations
The assets and liabilities of group companies are translated to euros at foreign exchange rates prevailing at the end of the reporting period. Income and expenses of group companies are translated to euros at exchange rates on the dates of the transactions. All resulting exchange differences are recognized as a component of other comprehensive income in the translation reserve.

When a foreign currency-denominated subsidiary or equity-accounted investee is disposed of, exchange differences that were recognized in other comprehensive income prior to the sale are reclassified to profit or loss as part of the gain or loss on divestments.

Net investment in foreign operations
Net investment in foreign operations includes equity financing and long-term intercompany loans for which settlement is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are taken to the translation reserve of foreign operations in other comprehensive income.

MAIN CURRENCY EXCHANGE RATES

rates to the euro	2021	2020
U.S. dollar (average)	1.18	1.14
U.S. dollar (at December 31)	1.13	1.23

PRINCIPLES UNDERLYING THE STATEMENT OF CASH FLOWS

General
Bank overdrafts repayable on demand are included as cash and cash equivalents in the consolidated statement of cash flows to the extent that they form an integral part of the group's cash management. However, in the consolidated statement of financial position, the bank overdrafts are presented separately as the offsetting criteria are not met.

Cash flows from operating activities
Cash flows from operating activities are calculated by the indirect method, by adjusting the consolidated profit for the year for items that are not cash flows and for autonomous movements in operating working capital (excluding the impact of acquisitions/divestments, foreign exchanges differences, and reclassifications to assets/liabilities classified as held for sale).

Cash flows from operating activities include receipts from customers, cash payments to employees and suppliers, paid financing costs of operating activities (including interest paid and received, interest portion of lease payments, paid financing fees, and cash flows resulting from derivatives not qualifying for hedge accounting), acquisition and divestment-related costs, spending on restructuring provisions, and income taxes paid.

Note 2 – Significant Accounting Policies continued

Cash flows from investing activities
Cash flows from investing activities are those arising from capital expenditure on and disposal of property, plant, and equipment and other intangible assets, acquisitions and sale of subsidiaries and equity-accounted investees, dividends received, and cash flows from the settlement of net investment hedge.

Dividends received relate to dividends received from equity-accounted investees and financial assets measured at fair value through profit or loss or other comprehensive income.

Cash receipts and payments from the settlement of derivative financial instruments are classified in the same manner as the cash flows of the hedged items. The group primarily uses derivatives for hedging its net investments in U.S. dollar-denominated subsidiaries. As a result, cash receipts and payments from the settlement of derivatives are classified under cash flows from investing activities.

Cash flows from financing activities
The cash flows from financing activities comprise the cash receipts and payments from issued and repurchased shares, long-term debt instruments, short-term financing, repayment of the principal portion of lease liabilities, and dividends paid. Dividends paid relate to dividends paid to the owners of the company and the non-controlling interests.

Note 3 – Accounting Estimates and Judgments

General
The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expense. The estimates and underlying assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not clear from other sources. Actual results may differ from those estimates and may result in material adjustments in the next financial year(s).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in future years are further discussed in the corresponding notes to the consolidated statements of profit or loss and financial position:
- Revenue recognition (see *Note 6*);
- Accounting for income taxes (see *Note 16*);
- Valuation, measurement, and impairment testing of goodwill and intangible assets other than goodwill (see *Note 18*); and
- Employee benefits (see *Note 31*).

Impact of COVID-19
The ongoing COVID-19 pandemic did not have a significant effect on the accounting estimates and judgments applied in the group's consolidated financial statements.

Note 4 – Benchmark Figures

Benchmark figures refer to figures adjusted for non-benchmark items and, where applicable, amortization and impairment of goodwill and acquired identifiable intangible assets. Adjusted figures are non-IFRS compliant financial figures but are internally regarded as key performance indicators to measure the underlying performance of the business. These figures are presented as additional information and do not replace the information in the consolidated financial statements.

BENCHMARK FIGURES

in millions of euros, unless otherwise stated		2021	2020	Change in actual currencies (%)	Change in constant currencies (%)*
Revenues		4,771	4,603	4	6
Organic revenue growth (%)		6	2		
Adjusted operating profit		1,205	1,124	7	11
Adjusted operating profit margin (%)		25.3	24.4		
Adjusted net profit		885	835	6	15
Adjusted net financing costs	*Note 15*	(78)	(46)	70	(8)
Adjusted free cash flow		1,010	907	11	15
Cash conversion ratio (%)		112	102		
Return on invested capital (ROIC) (%)		13.7	12.3		
Net debt	*Note 29*	2,131	2,383	(11)	
Net-debt-to-EBITDA ratio		1.4	1.7		
Diluted adjusted EPS (€)		3.38	3.13	8	
Diluted adjusted EPS in constant currencies (€)*		3.56	3.03		17
Diluted adjusted free cash flow per share (€)		3.87	3.40	14	17

* Constant currencies at €/$ 1.14.

REVENUE BRIDGE

	€ million	%
Revenues 2020	4,603	
Organic change	259	6
Acquisitions	64	1
Divestments	(45)	(1)
Currency impact	(110)	(2)
Revenues 2021	4,771	4

Note 4 – Benchmark Figures continued

RECONCILIATION BETWEEN OPERATING PROFIT AND ADJUSTED OPERATING PROFIT

		2021	2020
Operating profit		1,012	972
Amortization and impairment of acquired identifiable intangible assets	*Note 14*	164	144
Non-benchmark items in operating profit	*Note 12*	29	8
Adjusted operating profit		1,205	1,124

RECONCILIATION BETWEEN TOTAL FINANCING RESULTS AND ADJUSTED NET FINANCING COSTS

		2021	2020
Total financing results	*Note 15*	(84)	(41)
Non-benchmark items in total financing results	*Note 15*	6	(5)
Adjusted net financing costs		(78)	(46)

RECONCILIATION BETWEEN PROFIT FOR THE YEAR AND ADJUSTED NET PROFIT

	2021	2020
Profit for the year attributable to the owners of the company (A)	728	721
Amortization and impairment of acquired identifiable intangible assets	164	144
Tax benefits on amortization and impairment of acquired identifiable intangible assets	(44)	(37)
Non-benchmark items, net of tax	37	7
Adjusted net profit (B)	885	835

SUMMARY OF NON-BENCHMARK ITEMS

		2021	2020
Included in operating profit:			
Other gains and (losses)	*Note 12*	(29)	(8)
Included in total financing results:			
Other finance income/(costs)	*Note 15*	(6)	5
Total non-benchmark items before tax		(35)	(3)
Tax benefit/(expense) on non-benchmark items		(1)	(4)
Impact of changes in tax rates		(1)	0
Non-benchmark items, net of tax		(37)	(7)

Note 4 – Benchmark Figures continued

RECONCILIATION BETWEEN NET CASH FROM OPERATING ACTIVITIES AND ADJUSTED FREE CASH FLOW

		2021	2020
Net cash from operating activities		1,292	1,197
Net capital expenditure		(239)	(231)
Repayment of principal portion of lease liabilities		(68)	(74)
Acquisition-related costs	*Note 8*	5	11
Paid divestment expenses	*Note 8*	8	2
Dividends received	*Note 21*	0	1
Net income tax charge/(benefit) on divested assets and consolidation of platform technology		12	1
Adjusted free cash flow (C)		1,010	907

RETURN ON INVESTED CAPITAL (ROIC)

in millions of euros, unless otherwise stated	2021	2020
Adjusted operating profit	1,205	1,124
Allocated tax	(259)	(259)
Net operating profit after allocated tax (NOPAT)	946	865
Average invested capital	6,915	7,053
ROIC (NOPAT/Average invested capital) (%)	13.7	12.3

Allocated tax is the adjusted operating profit multiplied by the benchmark tax rate.

Invested capital is defined as total assets minus current liabilities and non-current deferred income, excluding investments in equity-accounted investees, deferred tax assets, non-operating working capital, and cash and cash equivalents.

This total summation is adjusted for accumulated amortization on acquired identifiable intangible assets, goodwill amortized pre-IFRS 2004, and goodwill written off to equity prior to 1996 (excluding acquired identifiable intangible assets/goodwill that have been impaired and/or fully amortized), less any related deferred tax liabilities. The average invested capital is based on five measurement points during the year.

Note 4 – Benchmark Figures continued

PER SHARE INFORMATION

in euro, unless otherwise stated		2021	2020
Total number of ordinary shares outstanding at December 31 (in millions of shares)	*Note 33*	258.2	262.4
Weighted average number of ordinary shares (D) (in millions of shares)	*Note 7*	260.4	265.0
Diluted weighted average number of ordinary shares (E) (in millions of shares)	*Note 7*	261.8	266.6
Adjusted EPS (B/D)		3.40	3.15
Diluted adjusted EPS (B/E)		3.38	3.13
Diluted adjusted EPS in constant currencies		3.56	3.03
Basic EPS (A/D)	*Note 7*	2.79	2.72
Diluted EPS (A/E)	*Note 7*	2.78	2.70
Adjusted free cash flow per share (C/D)		3.89	3.42
Diluted adjusted free cash flow per share (C/E)		3.87	3.40

BENCHMARK TAX RATE

in millions of euros, unless otherwise stated		2021	2020
Income tax expense	*Note 16*	201	216
Tax benefit on amortization and impairment of acquired identifiable intangible assets		44	37
Tax benefit/(expense) on non-benchmark items		(1)	(4)
Impact of changes in tax rates		(1)	0
Tax on adjusted profit (F)		243	249
Adjusted net profit (B)		885	835
Adjustment for non-controlling interests		0	0
Adjusted profit before tax (G)		1,128	1,084
Benchmark tax rate (F/G) (%)		21.5	23.0

Note 4 – Benchmark Figures continued

CASH CONVERSION RATIO

in millions of euros, unless otherwise stated		2021	2020
Operating profit		1,012	972
Amortization, impairment, and depreciation	Note 14	473	442
EBITDA		1,485	1,414
Non-benchmark items in operating profit	Note 12	29	8
Adjusted EBITDA		1,514	1,422
Autonomous movements in working capital		150	39
Net capital expenditure		(239)	(231)
Repayment of principal portion of lease liabilities	Note 20	(68)	(74)
Interest portion of lease payments	Note 20	(9)	(11)
Adjusted operating cash flow (H)		1,348	1,145
Adjusted operating profit (I)		1,205	1,124
Cash conversion ratio (H/I) (%)		112	102

NON-BENCHMARK ITEMS IN OPERATING PROFIT

Non-benchmark items relate to income and expenses arising from circumstances or transactions that, given their size and/or nature, are clearly distinct from the ordinary activities of the group and are excluded from the benchmark figures. Apart from amortization and impairment of acquired identifiable intangible assets and impairment of goodwill, non-benchmark items in operating profit include the items below. Refer also to *Note 12 – Other Gains and (Losses)*.

Divestment-related results

Divestment-related results are event-driven gains and losses incurred by the group from the sale of subsidiaries and/or businesses. These results also include divestment expenses and restructuring of stranded costs, and have been included in other gains and losses in the consolidated statement of profit or loss.

Acquisition-related costs

Acquisition-related costs are non-recurring costs incurred by the group resulting from acquisition activities. The acquisition-related costs are directly attributable to acquisitions, such as legal fees, broker/bank costs, and commercial and financial due diligence fees, and have been included in other gains and losses in the consolidated statement of profit or loss.

Loss on remeasurement of disposal groups

Loss on remeasurement of disposal groups includes losses for any initial or subsequent write-down of the disposal groups to fair value less costs of disposal.

Fair value changes of contingent considerations

Results from changes in the fair value of contingent considerations are not considered to be part of the ordinary activities of the group and have been included in other gains and losses in the consolidated statement of profit or loss.

Note 4 – Benchmark Figures continued

Additions to acquisition integration provisions

Additions to acquisition integration provisions are those non-recurring costs incurred by the group to integrate activities acquired through business combinations and have been included in other gains and losses in the consolidated statement of profit or loss.

Other non-benchmark items

Non-benchmark items, which cannot be classified in the categories above, relate to income and expenses arising from circumstances or transactions that, given their size or nature, are clearly distinct from the ordinary activities of the group and are excluded from the benchmark figures.

NON-BENCHMARK ITEMS IN FINANCING RESULTS

Non-benchmark items in financing results (total other finance income/(costs)) include the below items. Refer also to *Note 15 – Financing Results*.

Divestment-related results on equity-accounted investees

When equity accounting for equity-accounted investees ceases, the group calculates the book gain or loss as the difference between the sum of the fair value of proceeds less costs of disposal, the fair value of retained investment, and any amount reclassified from other comprehensive income less the carrying amount of the investment at the date on which significant influence is lost.

Book results and fair value changes of financial assets measured at fair value through profit or loss

Fair value changes of financial assets measured at fair value through profit or loss and any gain or loss on the sale of financial assets measured at fair value through profit or loss.

Financing component employee benefits

Financing component employee benefits relates to net interest results on the net defined benefit liability or asset of the group's defined benefit pension plans and other long-term employee benefit plans.

NON-BENCHMARK TAX ITEMS IN INCOME TAX EXPENSE

This item includes the tax effect on non-benchmark items as defined above, and on the amortization and impairment of acquired identifiable intangible assets, as well as the income tax expense relating to any material changes in (income) tax laws and (income) tax rates in the jurisdictions where Wolters Kluwer operates.

Note 5 – Segment Reporting

reporting by segment	Health 2021	Health 2020	Tax & Accounting 2021	Tax & Accounting 2020	Governance, Risk & Compliance 2021	Governance, Risk & Compliance 2020	Legal & Regulatory 2021	Legal & Regulatory 2020	Corporate* 2021	Corporate* 2020	Total 2021	Total 2020
Revenues from third parties	1,234	1,193	1,510	1,431	1,139	1,074	888	905	–	–	4,771	4,603
Cost of revenues	(379)	(364)	(418)	(396)	(307)	(300)	(270)	(299)	–	–	(1,374)	(1,359)
Gross profit	855	829	1,092	1,035	832	774	618	606	0	0	3,397	3,244
Sales costs	(193)	(195)	(280)	(255)	(162)	(164)	(171)	(170)	–	–	(806)	(784)
General and administrative costs	(360)	(326)	(413)	(388)	(365)	(330)	(355)	(376)	(57)	(60)	(1,550)	(1,480)
Total operating expenses	(553)	(521)	(693)	(643)	(527)	(494)	(526)	(546)	(57)	(60)	(2,356)	(2,264)
Other gains and (losses)	0	(1)	(47)	(5)	(4)	(1)	22	(1)	–	–	(29)	(8)
Operating profit	302	307	352	387	301	279	114	59	(57)	(60)	1,012	972
Amortization of acquired identifiable intangible assets	31	35	36	39	35	33	29	37	–	–	131	144
Impairment/(reversal of impairment) of acquired identifiable intangible assets	27	–	(5)	–	11	–	–	–	–	–	33	0
Non-benchmark expense/(income) in operating profit	0	1	47	5	4	1	(22)	1	–	–	29	8
Adjusted operating profit	360	343	430	431	351	313	121	97	(57)	(60)	1,205	1,124
Amortization of other intangible assets and depreciation of PPE and right-of-use assets	(50)	(54)	(101)	(93)	(73)	(69)	(63)	(61)	(3)	(2)	(290)	(279)
Impairment of other intangible assets and right-of-use assets	(5)	(2)	(7)	(10)	(5)	(4)	(2)	(3)	–	–	(19)	(19)
Goodwill and acquired identifiable intangible assets at December 31	1,262	1,221	1,761	1,627	1,374	1,316	828	923	–	–	5,225	5,087
Net capital expenditure	33	32	72	77	82	76	52	45	0	1	239	231
Assets classified as held for sale at December 31	–	–	–	–	–	–	101	–	–	–	101	0
Liabilities classified as held for sale at December 31	–	–	–	–	–	–	74	–	–	–	74	0
Number of FTEs at December 31	2,913	2,824	7,416	7,149	4,736	4,485	4,262	4,195	127	132	19,454	18,785

* The corporate function does not represent an operating segment.

Note 5 – Segment Reporting continued

ACCOUNTING POLICIES

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses. The four global operating divisions are based on strategic customer segments: Health; Tax & Accounting; Governance, Risk & Compliance; and Legal & Regulatory. This segment information is based on the group's management and internal reporting structure. All operating segments are regularly reviewed by the Executive Board, within Wolters Kluwer defined as the group's chief operating decision-maker, to make decisions about resources to be allocated to the segments and to assess their performance to the extent whereby discrete financial information is available.

The Executive Board reviews the financial performance of the segments and the allocation of resources based on revenues and adjusted operating profit. Revenues from internal transactions between the operating segments are conducted at arm's length, with terms equivalent to comparable transactions with third parties. These internal revenues are limited and therefore excluded from the segment reporting table.

Segment results reported to the Executive Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Costs and net capital expenditure incurred on behalf of the segments by Global Business Services and Digital eXperience Group and associated FTEs are allocated to the operating segments.

Non-current interest-bearing liabilities and deferred tax liabilities are not considered to be segment liabilities as these are primarily managed by the corporate treasury and tax functions. Operating working capital is not managed at the operating segment level but at a country or regional level.

GEOGRAPHICAL INFORMATION

*total non-current assets per region**	2021	2021 %	2020	2020 %
The Netherlands	677	11	691	11
Europe (excluding the Netherlands)	1,342	22	1,444	24
U.S. and Canada	4,117	66	3,865	64
Asia Pacific	75	1	77	1
Rest of World	17	0	18	0
Total	6,228	100	6,095	100

* Non-current assets per region exclude deferred tax assets and derivative financial instruments.

OTHER DISCLOSURES

There are no customers with revenues that exceed 10% of the group's total revenues.

For the revenues per geographical region, refer to *Note 6 – Revenues*.

Note 6 – Revenues

	2021	2020
Revenues from contracts with third parties	4,771	4,603

ACCOUNTING POLICIES

Revenues represent the amount of consideration the group expects to be entitled to – arising from contracts with customers in the ordinary course of business – in exchange for transferring promised goods and/or services to customers, excluding amounts collected on behalf of third parties. Revenue is recognized once the performance obligations are fulfilled (i.e., when the customer obtains control over those goods and/or services).

Subscriptions

Revenues related to subscriptions are recognized over the period in which the goods are transferred and/or content is made available online and when the goods and/or content involved are similar in value over time. Subscription income received or receivable in advance of the delivery of goods and/or content is presented as deferred income (a contract liability) in the consolidated statement of financial position.

Licenses

License fees paid for the use of the group's software products and/or services are recognized in accordance with the substance of the agreement.

Revenues from licenses representing a right to access are recognized over time on a straight-line basis. In case a right-to-access license is invoiced to the customer as a one-time upfront fee, revenue is recognized between 12 and 60 months depending on the nature of the license. In case of a transfer of rights (i.e., right-to-use license), which permits the licensee to exploit those rights freely and the group as a licensor has no remaining obligations to perform after delivery, revenue is recognized at the time the control of the license is transferred to the customer, considering any significant customer acceptance clauses.

Non-refundable upfront fees charged to the customers are often not considered to be a distinct performance obligation as these considerations do not result in a transfer of goods and/or services. Instead, these fees are considered an advance payment for future goods and/or services and therefore these payments are recognized as revenue when those future goods and/or services are transferred.

Goods

Revenues from the sale of goods are recognized upon shipment or upon delivery when control is transferred to the customer, provided that the ultimate collectability and final acceptance by the customer is reasonably assured.

When goods are sold with a right to return the goods, the group recognizes the revenues of the transferred goods for the amount the group expects to be entitled to, a refund contract liability in the consolidated statement of financial position, and an asset for its right to recover goods on settling the refund contract liability.

Services

Revenues from providing services are recognized in the period in which the related performance obligations are satisfied. For fixed-price contracts, revenue is recognized based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the value of the services rendered by the group exceeds the invoiced amounts, a contract asset (unbilled revenue) is recognized. If the invoiced amounts exceed the value of services rendered, a contract liability (deferred income) is recognized. If the contract includes an hourly fee, revenue is recognized in the amount to which the company has a right to invoice. Customers are invoiced on a periodic basis and consideration is payable when invoiced.

Implementation services

Revenues from the sale of implementation services are based on input or output methods, subject to the contractual arrangements, and are recognized when the related performance obligations are satisfied or upon full completion of the promise to the customer, depending upon which method faithfully depicts the group's performance towards completion.

Note 6 – Revenues continued

Multi-element contracts

There are arrangements that include various combinations of performance obligations, such as software licenses, services, training, hosting, and implementation. A performance obligation is only distinct if the customer can benefit from the goods and/or services on its own or together with other resources that are readily available to the customer, and the promise to transfer goods and/or services is separately identifiable from other promises in the contract. Goods and/or services that are not distinct are bundled with other goods and/or services in the contract, until a bundle of goods and/or services is created that is distinct, resulting in a single performance obligation.

Where performance obligations are satisfied over different periods of time, revenues are allocated to the respective performance obligations based on relative stand-alone selling prices at the inception of the arrangement, and revenues are recognized as each performance obligation is satisfied.

Agent/principal arrangements

If the group acts as an agent, whereby the group sells goods and/or services on behalf of a principal, the group recognizes the amount of the net consideration as revenues. If the group acts as a principal, the group recognizes the gross amount of consideration for the specific goods and/or services transferred once the performance obligations are satisfied.

Variable consideration

Discounts (including volume discounts), return of goods and/or services, usage-based prices, and pricing based on index are the most common forms of variable considerations within the group. A discount is often contractually agreed and allocated to all distinct performance obligations, unless there is a specific discount policy for that performance obligation. Volume-related discounts, return of goods, and usage-based prices are estimated at contract inception and periodically reassessed during the contract term. The group considers normal price increases based on local inflation rates or customary business practices as compensation for cost price increases and not as variable consideration. Any pricing that is beyond compensation for cost price increases is estimated at contract inception, periodically reassessed and recognized over the term of the contract.

Contract modifications

A contract modification is a change in the scope and/or price of a contract that is approved by both the customer and the group.

The group accounts for a contract modification retrospectively:
- If the modification only affected the transaction price and the remaining goods and/or services are not distinct; or
- If the modification affected the scope, but no distinct goods and/or services are added.

The group accounts for a contract modification prospectively:
- If the modification only affected the transaction price and the remaining goods and/or services are distinct; or
- If the modification affected the scope, distinct goods and/or services are added, but the additional consideration did not reflect the stand-alone selling price.

The group accounts for a contract modification as a separate contract if the modification affected the scope, distinct goods and/or services are added, and the additional consideration reflected the stand-alone selling price.

Financing components

As a practical expedient, the group does not adjust the consideration for the effects of a significant financing component if the group expects that the period between the transfer of the promised goods and/or services to the customer and payment by the customer is one year or less. The group has no significant contracts with periods of one year or more between the transfer of goods and/or services and the payment of the consideration. Consequently, the group does not adjust any of the transaction prices for the time value of money.

Warranty

In most cases, any warranty given in connection with the sale of products and/or services does not qualify as a distinct service and therefore these general warranties are not considered to be a separate performance obligation. Consequently, no warranty provisions are recognized.

Note 6 – Revenues continued

Cost of revenues

Cost of revenues comprises directly attributable costs of goods and/or services sold.

For digital products and services, cost of revenues may include data maintenance, hosting, license fees, royalties, product support, personnel expenses, subcontracted work, training, and other costs incurred to support and maintain the products, applications, and/or services.

For print products, these costs may include cost for paper, printing and binding, royalties, personnel expenses, subcontracted work, shipping costs, and other incurred costs.

CRITICAL ESTIMATES AND JUDGMENTS

Revenue recognition requires estimates and judgments. IFRS 15 Revenue from Contracts with Customers requires management to make judgments on the characteristics of a performance obligation, (un)bundling of multi-element arrangements, and assessment whether the revenue should be recognized over time or at a point in time. In addition, management makes estimates of the stand-alone selling prices of performance obligations, variable considerations, and the product and contract life.

Also, when another party is involved in providing goods and/or services to a customer, management makes a judgment whether the promise to the customer is a performance obligation by the group (i.e., acting as a principal), or by another party (i.e., acting as an agent). The group acts predominantly as the principal in its customer contracts.

For the judgments applied to the incremental cost to obtain a contract, refer to *Note 25 – Contract Assets and Liabilities*.

DISAGGREGATION OF REVENUES

reporting per segment	Health 2021	Health 2020	Tax & Accounting 2021	Tax & Accounting 2020	Governance, Risk & Compliance 2021	Governance, Risk & Compliance 2020	Legal & Regulatory 2021	Legal & Regulatory 2020	Total 2021	Total 2020
Revenue recognition										
At a point in time recognition	223	212	214	210	411	382	209	237	1,057	1,041
Over time recognition	1,011	981	1,296	1,221	728	692	679	668	3,714	3,562
Revenues from third parties	1,234	1,193	1,510	1,431	1,139	1,074	888	905	4,771	4,603
Revenue per contract										
Contracts one year or less	821	797	1,292	1,228	851	817	684	730	3,648	3,572
Multi-year contracts	413	396	218	203	288	257	204	175	1,123	1,031
Revenues from third parties	1,234	1,193	1,510	1,431	1,139	1,074	888	905	4,771	4,603

REVENUES BY MEDIA FORMAT

reporting per segment	Health 2021	Health 2020	Tax & Accounting 2021	Tax & Accounting 2020	Governance, Risk & Compliance 2021	Governance, Risk & Compliance 2020	Legal & Regulatory 2021	Legal & Regulatory 2020	Total 2021	Total 2020
Digital	1,089	1,055	1,434	1,348	723	680	684	653	3,930	3,736
Services	1	2	35	38	410	384	14	30	460	454
Print	144	136	41	45	6	10	190	222	381	413
Revenues from third parties	1,234	1,193	1,510	1,431	1,139	1,074	888	905	4,771	4,603

Note 6 – Revenues continued

REVENUES BY TYPE

	2021	2021	2020	2020
Digital and service subscription	3,397		3,218	
Print subscription	157		182	
Other recurring	256		280	
Total recurring revenues		3,810		3,680
Print books	146		150	
Legal Services transactional	266		228	
Financial Services transactional	109		129	
Other non-recurring*	440		416	
Total non-recurring revenues		961		923
Total revenues		4,771		4,603

* Other non-recurring revenues include software licenses, software implementation fees, professional services, and other non-subscription offerings.

RECURRING/NON-RECURRING REVENUES

reporting per segment	Health 2021	Health 2020	Tax & Accounting 2021	Tax & Accounting 2020	Governance, Risk & Compliance 2021	Governance, Risk & Compliance 2020	Legal & Regulatory 2021	Legal & Regulatory 2020	Total 2021	Total 2020
Recurring revenues	1,112	1,086	1,313	1,257	669	619	716	718	3,810	3,680
Non-recurring revenues	122	107	197	174	470	455	172	187	961	923
Revenues from third parties	1,234	1,193	1,510	1,431	1,139	1,074	888	905	4,771	4,603

GEOGRAPHICAL INFORMATION

revenues generated per region	2021	2021 %	2020	2020 %
The Netherlands	196	4	193	4
Europe (excluding the Netherlands)	1,274	27	1,238	27
U.S. and Canada	2,946	62	2,818	61
Asia Pacific	277	5	278	6
Rest of World	78	2	76	2
Total revenues	4,771	100	4,603	100

Note 7 – Earnings per Share

The group presents basic and diluted earnings per share data for its ordinary shares.

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year of €728 million (2020: €721 million) attributable to the ordinary equity holders of the company, by the weighted average number of ordinary shares outstanding during the year of 260.4 million (2020: 265.0 million), after adjusting for own ordinary shares held (treasury shares).

Profit for the year

		2021	2020
Profit for the year attributable to the owners of the company (A)		728	721

Weighted average number of ordinary shares for the year

in millions of shares, unless otherwise stated		2021	2020
Outstanding ordinary shares at January 1	*Note 33*	267.5	273.0
Effect of cancelation of shares		(1.5)	(1.7)
Effect of repurchased shares		(5.6)	(6.3)
Weighted average number of ordinary shares (B)		260.4	265.0
Basic EPS (A/B) (€)		2.79	2.72

DILUTED EARNINGS PER SHARE

Diluted earnings per share is determined by dividing the profit for the year of €728 million (2020: €721 million) attributable to ordinary shareholders of the company, by the diluted weighted average number of ordinary shares outstanding of 261.8 million (2020: 266.6 million), after adjustments for treasury shares and for the effects of all dilutive potential ordinary shares which consist of LTIP shares granted.

Diluted weighted average number of ordinary shares for the year

in millions of shares, unless otherwise stated	2021	2020
Weighted average number of ordinary shares (B)	260.4	265.0
Effect of Long-Term Incentive Plan (LTIP)	1.4	1.6
Diluted weighted average number of ordinary shares (C)	261.8	266.6
Diluted EPS (A/C) (€)	2.78	2.70

Note 8 – Acquisitions and Divestments

ACQUISITIONS

ACCOUNTING POLICIES

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

CRITICAL ESTIMATES AND JUDGMENTS

The fair value of the assets, liabilities, and contingent liabilities of a business combination should be measured within 12 months from the acquisition date. For some acquisitions, provisional fair values have been included in the consolidated statement of financial position. The final valuation of the acquired identifiable intangible assets and liabilities assumed is still pending but will be completed within the 12-month timeframe. Actual valuation of these assets, liabilities, and contingent liabilities may differ from the provisional valuation.

When a business combination agreement provides for an adjustment to the cost of the transaction, contingent on future events (such as earnouts), the group includes an initial fair value of that adjustment in the cost of the transaction at the acquisition date if the adjustment is probable and can be measured reliably. The initial and subsequent measurement will usually be based on estimates of future results of the business combination. Actual results may differ from those estimates and may result in material adjustments in the next financial year(s). Subsequent changes to the fair value are recognized in profit or loss, based on a periodic reassessment of the contingent consideration.

General

On May 14, 2021, Wolters Kluwer Tax & Accounting completed the acquisition of 100% of the shares of Vanguard Software, a global provider of cloud-based integrated business planning solutions for €93 million in cash. The transaction had no deferred and contingent considerations. The acquisition offers an opportunity to extend the CCH Tagetik financial performance management platform into sales and operations planning, including supply chain planning and predictive analytics. Vanguard Software serves companies of all sizes across every major industry in more than 60 countries, helping them to improve forecasting, reduce overstocks, optimize inventory distribution, and reduce supply chain costs. Vanguard Software revenues derive from subscription-based cloud software (averaging approximately 55% of total revenues in recent years) and software-related professional implementation and consulting services. Vanguard Software recorded unaudited revenues of €9 million in 2021, with the majority being from North America. We expect the acquisition to achieve a return on invested capital above our after-tax weighted average cost of capital of 8% within three to five years. The near-term impact on the group's adjusted net profit is immaterial. Vanguard Software is headquartered in Cary, North Carolina, U.S., and had approximately 40 employees at acquisition date. The fair values of the identifiable assets and liabilities of Vanguard Sofware, as reported at December 31, 2021, are provisional.

On October 29, 2021, Wolters Kluwer Governance, Risk & Compliance (GRC) acquired 100% of the shares of LicenseLogix LLC, a provider of U.S. business licensing services for €9 million in cash and a deferred consideration of €2 million. LicenseLogix is a premier provider of comprehensive business license services, including research, filing and ongoing compliance management. LicenseLogix has been a strategic partner of GRC's CT Corporation for over five years and today serves more than 800 corporate customers of all sizes and across all industries. LicenseLogix services are highly complementary to those of CT Corporation and will form an integral component of CT's end-to-end legal entity compliance and managed services offerings. The acquisition is expected to deliver a return on invested capital (ROIC) above Wolters Kluwer's after tax weighted average cost of capital (8%) within three to five years from completion. The transaction is expected to have an immaterial impact on the group's adjusted earnings in the first full year. LicenseLogix is headquartered in White Plains, New York, U.S., generated annualized unaudited revenues of €4 million in 2021, and had approximately 75 employees at acquisition date. The fair values of the identifiable assets and liabilities of LicenseLogix, as reported at December 31, 2021, are provisional.

In addition, other smaller acquisitions were completed, with a combined total consideration of €9 million (2020: €5 million), including deferred and contingent considerations, and combined annualized unaudited revenues of €6 million (2020: €2 million).

Note 8 – Acquisitions and Divestments continued

Acquisition spending

In 2021, total acquisition spending, net of cash acquired, was €108 million (2020: €395 million), including deferred and contingent consideration payments of €0 million (2020: €6 million). In 2020, the group acquired CGE, XCM Solutions, eOriginal, and a few smaller businesses.

In 2021, acquisition-related costs amounted to €5 million (2020: €11 million).

The goodwill relating to the 2021 acquisitions represents future economic benefits specific to the group arising from assets that do not qualify for separate recognition as intangible assets. This includes expected new customers who generate revenue streams in the future, revenues generated because of new capabilities of the acquired product platforms, as well as expected synergies that will arise following the acquisitions.

Of the goodwill recognized in 2021, €68 million was deductible for income tax purposes (2020: €73 million).

The following tables provide information in aggregate for all business combinations in 2021:

Acquisitions

		Carrying amount	Fair value adjustments	2021 Recognized values	2020 Recognized values
Consideration payable in cash				111	406
Deferred and contingent considerations at fair value:					
Non-current				1	0
Current				1	0
Total consideration				113	406
Intangible assets other than goodwill	*Note 18*	0	47	47	183
Other non-current assets	*Note 20*	2	–	2	6
Current assets		8	–	8	27
Current liabilities		(9)	–	(9)	(27)
Non-current liabilities	*Note 29*	(2)	–	(2)	(4)
Deferred tax assets/(liabilities)		2	(3)	(1)	(19)
Fair value of net identifiable assets		1	44	45	166
Goodwill on acquisitions	*Note 18*			68	240
Cash effect of acquisitions:					
Consideration payable in cash				111	406
Cash acquired				(3)	(17)
Deferred and contingent considerations paid	*Note 30*			0	6
Acquisition spending, net of cash acquired				108	395

Of the 2021 fair value adjustments of €44 million, €23 million related to Vanguard Software, €11 million related to LicenseLogix, and €10 million related to the other acquisitions.

Note 8 – Acquisitions and Divestments continued

Contribution of 2021 acquisitions

in millions of euros, unless otherwise stated	Revenues	Adjusted operating profit	Profit for the year	FTEs at December 31, 2021
Totals excluding the impact of 2021 acquisitions	4,762	1,204	742	19,309
Contribution of 2021 acquisitions	9	1	(1)	145
Totals for the year 2021	4,771	1,205	741	19,454
Pro forma contribution of 2021 acquisitions for the period January 1, 2021, up to acquisition date (unaudited)	10	0	(3)	
Pro forma totals for the year 2021	4,781	1,205	738	

The above information does not purport to represent what the actual results would have been, had the acquisitions been concluded on January 1, 2021, nor is the information necessarily indicative for future results of the acquired operations. In determining the contributions by the acquisitions, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on January 1, 2021.

Deferred and contingent considerations

The acquisitions completed in 2021 resulted in a maximum achievable undiscounted deferred and contingent consideration of €2 million. The fair value of this deferred and contingent consideration amounted to €2 million at acquisition date and at December 31, 2021.

For further disclosure on deferred and contingent considerations, refer to *Note 30 – Financial Risk Management.*

Provisional fair value accounting

The fair values of the identifiable assets and liabilities will be revised if new information, obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, causes adjustments to the above amounts, or for any additional provisions that existed at the acquisition date. Subsequent changes in purchase price accounting for 2020 acquisitions resulted in a reduction of goodwill of €2 million. Reference is made to *Note 18 – Goodwill and Intangible Assets other than Goodwill.*

DIVESTMENTS

ACCOUNTING POLICIES

The amount of goodwill allocated to a divested business is based on its relative value compared to the value of the group of cash-generating units to which the goodwill belongs.

General

On June 1, 2021, Wolters Kluwer Tax & Accounting completed the combination of certain Prosoft assets in Brazil with those of Alterdata Tecnologia em Informática Ltda in exchange for an 11.8% non-controlling interest in the combined entity. On completion, the group incurred a €42 million divestment-related loss on the Prosoft transaction. The loss on divestment was mainly due to the recognition of an unrealized foreign exchange loss of €40 million (non-cash) related to the historical devaluation of the Brazilian real against the euro. Prior to this transaction, there was a €5 million reversal of an impairment of Prosoft's acquired identifiable intangible assets. The business was deconsolidated from June 1, 2021. At this date, the business had 225 FTEs. In 2021 up to this date, Prosoft generated revenues of €3 million. The share in the combined entity is recognized as a financial asset at fair value through profit or loss. Refer to *Note 22 – Financial assets.*

On December 1, 2021, Wolters Kluwer Legal & Regulatory completed the sale of its U.S. legal education business for €75 million in cash. The divestment will allow Wolters Kluwer Legal & Regulatory to further advance its focus in the U.S. on supporting legal professionals with the domain expertise and state-of-the-art solutions that they need. The U.S. legal education business, which mainly produces textbooks and innovative digital educational solutions for law students, recorded revenues of €32 million in 2021 up to divestment date and is profitable. The business had approximately 55 FTEs at divestment date. The group deployed the post-tax proceeds towards additional share repurchases to mitigate the adjusted EPS dilution resulting from the disposal.

Note 8 – Acquisitions and Divestments continued

In 2021, net divestment proceeds amounted to €76 million, including deferred considerations received.

In 2020, net divestment proceeds amounted to €50 million and included the divestment of Belgian training assets, the sale of the minority stake in Logical Images, the divestment of certain German businesses, the sale of the investment in Medicom, the sale of ComplyTrack, the sale of the Flood Determinations Solution, and the sale of the French legal notices business Annonces & Formalités Légales.

Divestment-related results on operations, equity-accounted investees, and financial assets

		2021	2020
Divestments of operations:			
Consideration receivable in cash		75	41
Financial assets at fair value through profit or loss	*Note 22*	6	–
Deferred divestment consideration receivable	*Note 26*	–	1
Consideration receivable		81	42
Intangible assets	*Note 18*	47	24
Other non-current assets	*Note 19*	2	0
Current assets (including assets held for sale)		17	32
Current liabilities (including liabilities held for sale)		(8)	(19)
Employee benefits	*Note 31*	–	(1)
Deferred tax assets/(liabilities)		(7)	(1)
Net identifiable assets/(liabilities)		51	35
Reclassification of foreign exchange differences on loss of control, recognized in other comprehensive income		(40)	0
Book profit/(loss) on divestments of operations		(10)	7
Divestment expenses		(8)	(2)
Restructuring of stranded costs following divestments	*Note 32*	(2)	(4)
Divestment-related results included in other gains and (losses)	*Note 12*	(20)	1
Divestments of equity-accounted investees and financial assets:			
Consideration receivable in cash		–	17
Carrying value of equity-accounted investees		–	(10)
Divestment-related results included in total financing results	*Note 15*	0	7
Cash effect of divestments:			
Consideration receivable in cash		75	58
Cash included in divested operations		0	(8)
Deferred divestment consideration receivable		1	–
Receipts from divestments, net of cash disposed		76	50

Note 8 – Acquisitions and Divestments continued

Effect of 2021 divestments

	Revenues	Adjusted operating profit
Totals for the year 2021	4,771	1,205
Minus: Contribution of 2021 divested operations	(35)	(12)
Pro forma totals for the year 2021	4,736	1,193

At their divestment dates, the 2021 divested operations jointly had approximately 280 FTEs.

Note 9 – Assets/Liabilities Classified as Held for Sale

	2021	2020
Assets of disposal groups classified as held for sale	101	–
Liabilities of disposal groups classified as held for sale	(74)	–
Net assets of disposal groups classified as held for sale	27	0

ACCOUNTING POLICIES

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

When the group is committed to a sale plan involving a loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

When the group is committed to a sale plan involving a divestment of an investment in an equity-accounted investee, or a portion thereof, the investment, or the portion, is classified as held for sale when the criteria described above are met. The group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an equity-accounted investee that has not been classified as held for sale continues to be accounted for using the equity method.

The amount of goodwill allocated to a disposal group is based on its relative value compared to the value of the group of cash-generating units to which the goodwill belongs.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less costs of disposal.

Note 9 – Assets/Liabilities Classified as Held for Sale continued

DISPOSAL GROUPS – GENERAL

	2021	2020
Legal & Regulatory – French and Spanish legal information businesses	27	–
Net assets of disposal groups classified as held for sale	27	0

On December 9, 2021, Wolters Kluwer Legal & Regulatory announced that it has entered into exclusive discussions to sell its legal information businesses in France and Spain following receipt of a binding offer. Upon completion of the transaction, the group will receive €120 million in cash for its assets, subject to certain working capital adjustments. The intended divestment will sharpen the Legal & Regulatory division's focus on businesses where it has the strongest market positions and the best opportunities to drive future growth. Signing of a final agreement is conditional upon completion of the consultation with the European and French works councils. Completion of the transaction would be conditional upon antitrust approval in Spain and is expected during 2022. The French and Spanish legal information units to be sold employ approximately 650 FTEs. In 2021, the units generated revenues of approximately €85 million and were profitable. The units primarily support law firms, corporations, and the public sector with information products in digital and print formats. In France, the business includes Lamyline for legal professionals and Liaisons Sociales for labor law and HR specialists, among other offerings including training. In Spain, the business includes La Ley for legal professionals, CISS for tax and HR specialists, as well as online training services.

ASSETS AND LIABILITIES OF DISPOSAL GROUPS

The assets and liabilities of the disposal groups can be specified as follows at December 31:

	2021	2020
Non-current assets	73	–
Cash and cash equivalents	2	–
Other current assets	26	–
Non-current liabilities	(14)	–
Deferred income	(27)	–
Other current liabilities	(33)	–
Net assets of disposal groups classified as held for sale	27	0

RESULTS OF DISPOSAL GROUPS

	2021	2020
Revenues	85	85
Adjusted operating profit	11	12
Operating profit	11	12

Note 10 – Sales Costs

		2021	2020
Marketing and promotion costs		228	217
Sales-related costs – sales commissions directly expensed		155	135
Sales-related costs – amortization of capitalized sales commissions	*Note 25*	23	21
Other sales-related costs		304	304
Customer support costs		76	71
Additions to loss allowance on trade receivables and unbilled revenues	*Note 25*	20	36
Total		806	784

ACCOUNTING POLICIES

Sales costs relate to direct internal personnel expenses and direct external costs incurred for marketing and sales activities.

Sales costs include sales commissions directly expensed as incurred and the amortization of capitalized sales commissions that qualify as cost to obtain a contract. As a practical expedient, the group recognizes as an expense the incremental cost of obtaining a contract if the amortization period of the asset that the group otherwise would have recognized is one year or less. If sales commissions are granted for a bundled and/or multi-element contracts in which the predominant consideration element is recognized for performance obligations satisfied at a point in time (e.g., the sale of a book, training, or the sale of a license being a right to use), the sales commission is expensed when incurred.

In addition, sales commissions that are commensurate or based on generic performance indicators and/or net targets are expensed when incurred.

For all other commission plans on new sales targets, the amortization period ranges between one and five years, depending on the nature of the underlying promise in the contract with the customer, unless the underlying non-cancellable contract period for the right-to-access license is longer than five years. In those situations, the longer non-cancellable contract period of the license contract prevails as the amortization period.

Furthermore, sales costs include the additions to loss allowance on trade receivables and unbilled revenues. The loss allowance is determined as an amount equal to the lifetime expected credit losses.

ESTIMATES AND JUDGMENTS

The group determines the impairment of financial assets by making assumptions and estimating the risk of default and expected loss rates at contract inception over the expected life of the financial instrument, using the group's historically incurred losses and existing market conditions, as well as forward-looking information at the end of each reporting period.

Note 11 – General and Administrative Costs

		2021	2020
Research, development, and editorial costs		466	433
General and administrative operating expenses		920	903
Amortization and impairment of acquired identifiable intangible assets	*Note 14*	164	144
Total		1,550	1,480

ACCOUNTING POLICIES
General and administrative costs include costs that are neither directly attributable to cost of revenues nor to sales costs. These costs include product development cost, information technology cost, general overhead cost, amortization of acquired identifiable intangible assets, amortization of other intangible assets (if not part of cost of revenues), depreciation of property, plant, and equipment, depreciation of right-of-use assets, and impairment of goodwill, intangible assets other than goodwill, property, plant, and equipment, and right-of-use assets.

Note 12 – Other Gains and (Losses)

		2021	2020
Divestment-related results	*Note 8*	(20)	1
Acquisition-related costs	*Note 8*	(5)	(11)
Fair value changes of contingent considerations	*Note 30*	0	4
Additions to acquisition integration provisions	*Note 32*	(4)	(2)
Total		(29)	(8)

ACCOUNTING POLICIES
Other gains and losses relate to items which are different in their nature or frequency from operating items. These include divestment-related results (including directly attributable divestment costs), additions to provisions for restructuring of stranded costs following divestments, acquisition-related costs, additions to acquisition integration provisions, and subsequent fair value changes of contingent considerations. See also *Note 4 – Benchmark Figures*.

Note 13 – Personnel Expenses

		2021	2020
Salaries and wages and other benefits		1,715	1,633
Social security charges		148	148
Costs of defined contribution plans		80	77
Expenses related to defined benefit plans	*Note 31*	11	17
Equity-settled share-based payments	*Note 34*	24	24
Total		1,978	1,899
Employees			
Headcount at December 31		19,827	19,169
In full-time equivalents at December 31		19,454	18,785
Thereof employed in the Netherlands		1,155	1,200
In full-time equivalents average per annum*		19,741	19,180

* Average full-time equivalents per annum include temporary help and contractors, whereas headcount and its full-time equivalent only relate to staff on the payroll of the group.

Note 14 – Amortization, Impairment, and Depreciation

		2021	2020
Amortization of acquired identifiable intangible assets	*Note 18*	131	144
Impairment of acquired identifiable intangible assets	*Note 18*	38	–
Reversal of impairment of acquired identifiable intangible assets	*Note 8/18*	(5)	–
Amortization of other intangible assets	*Note 18*	194	180
Impairment of other intangible assets	*Note 18*	18	17
Depreciation of property, plant, and equipment	*Note 19*	25	26
Depreciation of right-of-use assets	*Note 20*	71	73
Impairment of right-of-use assets	*Note 20*	1	2
Total		473	442

For further disclosure on critical estimates and judgments, refer to *Note 18 – Goodwill and Intangible Assets other than Goodwill.*

Note 15 – Financing Results

		2021	2020
Financing income			
Interest income for financial assets, measured at amortized cost:			
Interest income on short-term bank deposits		2	5
Interest income on bank balances and other		2	5
Other financing income:			
Derivatives – foreign exchange contracts, not qualifying as hedge		0	0
Total financing income		4	10
Financing costs			
Interest expense for financial liabilities, measured at amortized cost:			
Euro Commercial Paper program and bank borrowings		0	0
Bonds and private placements		(50)	(57)
Amortization of fee expense for debt instruments	*Note 29*	(1)	(2)
Interest expense on bank overdrafts and other		(5)	(7)
Other financing expense:			
Unwinding of discount of lease liabilities	*Note 29*	(9)	(11)
Net foreign exchange gains/(losses)		(15)	24
Derivatives – foreign exchange contracts, not qualifying as hedge		0	(1)
Items in hedge relationships:			
Interest rate swaps		(2)	(2)
Foreign exchange gains/(losses) on loans subject to cash flow hedge		4	6
Net change in fair value of cash flow hedges reclassified from other comprehensive income		(4)	(6)
Total financing costs		(82)	(56)
Net financing results		(78)	(46)
Other finance income/(costs)			
Divestment-related results on equity-accounted investees	*Note 8*	–	7
Fair value changes of financial assets	*Note 22*	(5)	0
Financing component employee benefits	*Note 31*	(1)	(2)
Total other finance income/(costs)		(6)	5
Total financing results		(84)	(41)

Note 16 – Income Tax Expense

		2021	2020
Current income tax expense		209	226
Adjustments previous years		6	2
Deferred tax expense:			
Changes in tax rates		1	0
Origination and reversal of temporary differences		(15)	(12)
Movements in deferred tax assets and liabilities	*Note 23*	(14)	(12)
Total	*Note 23*	201	216

ACCOUNTING POLICIES

Income tax on the result for the year is made up of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to business combinations and/or items directly recognized in equity or other comprehensive income.

Current income tax is the expected tax payable or tax receivable on the taxable income for the year, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable or tax receivable in respect of previous years. The group recognizes deferred tax assets and liabilities for all taxable temporary differences between the carrying amounts of assets or liabilities in the consolidated statement of financial position for financial reporting purposes and their tax base for taxation purposes.

Deferred tax assets and liabilities are not recognized for temporary differences arising from:

- Initial recognition of goodwill;
- Investments in subsidiaries to the extent that the parent can control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future; and
- Initial recognition of an asset or liability in a transaction, which is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognized for deductible temporary differences and for the carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profits will be available against which these can be utilized. Deferred tax assets are reviewed at the end of each reporting period and are remeasured to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are not discounted and are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. The effect of changes in income tax rates on the deferred tax position is recognized in profit or loss if, and to the extent that, the deferred tax position was originally formed through profit or loss.

Deferred tax assets and liabilities, including those associated with right-of-use assets and lease liabilities, are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

Uncertain tax positions are assessed at a fiscal unity level. If it is probable that a tax authority will accept an uncertain tax position in the income tax filing, then the group determines its accounting tax position consistent with the tax treatment used or planned to be used in its income tax filing. If this is not probable, then the group reflects the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty.

CRITICAL ESTIMATES AND JUDGMENTS

Income tax is calculated based on income before tax, considering the local tax rates and regulations. For each operating entity, the current income tax expense is calculated and differences between the accounting and tax base are determined, resulting in deferred tax assets or liabilities. These calculations may deviate from the final tax assessments.

Note 16 – Income Tax Expense continued

A deferred tax asset is recognized for deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available. Management assesses the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized.

In determining the amount of current and deferred tax, the group considers the impact of uncertain tax positions and whether additional taxes, penalties, and interest may be due. The group believes that its current income tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws, rules, and prior experience. The group operates in several countries with different tax laws and rules. Considering this complex multinational environment in which the group operates, global transfer pricing policies are implemented for transactions between members of the group. These transactions are documented as required by international standards. However, local tax authorities might challenge these transactions. The group considered potential challenges and accounted for potential uncertain tax positions.

The assessment for uncertain tax positions relies on estimates and assumptions, based on the judgments of tax professionals within the group, supplemented by external tax advisors and may involve a series of estimates about future events. New information may become available that causes the group to change its estimate regarding the adequacy of existing income tax liabilities. Such changes to income tax liabilities will impact the income tax expense, positively or negatively, in the consolidated statement of profit or loss in the period that such a determination is made.

Changes in tax rates are considered if these tax rate changes are substantially enacted before year end.

Governments are expected to introduce changes in tax law following Organisation for Economic Co-operation and Development (OECD), EU, and other international guidelines. Reported income tax amounts will therefore be subject to continued judgment, estimation uncertainty, and measurement adjustments.

Refer also to *Note 23 – Tax Assets and Liabilities.*

RECONCILIATION OF THE EFFECTIVE TAX RATE

The group's effective tax rate in the consolidated statement of profit or loss differs from the Dutch statutory income tax rate of 25%. The table below reconciles the statutory income tax rate with the effective income tax rate in the consolidated statement of profit or loss:

in millions of euros, unless otherwise stated	%	2021	%	2020
Profit before tax		929		937
Income tax expense at the Dutch statutory income tax rate	25.0	232	25.0	234
Tax effect of:				
Rate differential	(2.5)	(23)	(2.6)	(24)
Tax incentives, exempt income, and divestments	0.1	1	(2.3)	(21)
Recognized and unrecognized tax losses	(0.3)	(3)	0.1	1
Adjustments previous years	0.7	6	0.2	2
Changes in income tax rates	0.1	1	0.0	0
Other taxes	1.0	9	0.8	7
Non-deductible costs and other items	(2.5)	(22)	1.9	17
Total	21.6	201	23.1	216

Rate differential indicates the effect of the group's taxable income being generated and taxed in jurisdictions where tax rates differ from the Dutch statutory income tax rate.

Note 16 – Income Tax Expense continued

The effective tax rate decreased to 21.6% (2020: 23.1%), resulting from a favorable impact of finalization of tax audits, partly offset by taxable divestments.

For income tax recognized directly in the consolidated statements of changes in total equity and other comprehensive income, reference is made to *Note 23 – Tax Assets and Liabilities.*

Note 17 – Non-controlling Interests

The group's shares in significant consolidated subsidiaries that were not fully owned at December 31 are:

ownership in %	2021	2020
Akadémiai Kiadó Kft. (Budapest, Hungary)	**74**	**74**

ACCOUNTING POLICIES

Non-controlling interests reflect the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the group. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if these losses cause the non-controlling interest to have a debit balance. Remeasurements of non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

The movements in non-controlling interests are as follows:

	2021	2020
Position at January 1	0	0
Dividends paid	(1)	0
Share of profit in non-controlling interests, net of tax	0	0
Foreign exchange differences	1	0
Position at December 31	0	0

Non-controlling interests in the equity of consolidated participations, totaling €0 million (2020: €0 million), are based on third-party shareholdings in the underlying shareholders' equity of the subsidiaries.

Financial information of non-controlling interests based on 100% ownership, is as follows:

	2021	2020
Revenues	5	5
Adjusted operating profit	2	2
Net profit	1	2
Total assets	1	1
Total liabilities	1	1
Total equity	0	0
Total cash and cash equivalents	0	0

Note 18 – Goodwill and Intangible Assets other than Goodwill

		Goodwill	Acquired identifiable intangible assets	Other intangible assets	2021	2020
Position at January 1						
Purchase value		3,978	2,344	1,801	8,123	8,223
Accumulated amortization and impairment		(9)	(1,226)	(1,250)	(2,485)	(2,529)
Book value at January 1		3,969	1,118	551	5,638	5,694
Movements						
Investments		–	–	223	223	213
Acquired through business combinations	*Note 8*	68	47	0	115	423
Divestments of operations	*Note 8*	(41)	(5)	(1)	(47)	(24)
Disposals of assets		–	–	(1)	(1)	0
Net expenditures		27	42	221	290	612
Amortization	*Note 14*	–	(131)	(194)	(325)	(324)
Impairment	*Note 14*	–	(38)	(18)	(56)	(17)
Reversal of impairment	*Note 8/14*	–	5	0	5	–
Reclassifications	*Note 8*	(2)	–	–	(2)	0
Transfer to assets classified as held for sale	*Note 9*	(50)	0	(9)	(59)	–
Foreign exchange differences		236	49	24	309	(327)
Total movements		211	(73)	24	162	(56)
Position at December 31						
Purchase value		4,189	2,367	1,942	8,498	8,123
Accumulated amortization and impairment		(9)	(1,322)	(1,367)	(2,698)	(2,485)
Book value at December 31		4,180	1,045	575	5,800	5,638

At both December 31, 2021, and December 31, 2020, the book value of other intangible assets relates for the vast majority to development of software.

Note 18 – Goodwill and Intangible Assets other than Goodwill continued

ACCOUNTING POLICIES

Goodwill

The group measures goodwill at the acquisition date as the sum of the fair value of the consideration transferred (including deferred and contingent consideration) and the recognized amount of any non-controlling interests in the acquiree, less the net recognized fair value amount of the identifiable assets acquired and liabilities assumed. Any contingent consideration payable (such as earnout arrangements) is recognized at fair value at the acquisition date.

Costs related to acquisitions which the group incurs in a business combination are expensed as incurred.

Goodwill associated with divested operations is allocated and measured on the basis of the relative value of the divested operation and the portion of the cash generating unit (CGU) retained.

Acquired identifiable intangible assets

Identifiable intangible assets acquired through business combinations mainly consist of customer relationships (subscriber accounts), technology (databases, software, and product technology), trademarks, brand names, and titles.

Other intangible assets

Other intangible assets mainly relate to purchased and self-developed information systems and software.

Software development costs are capitalized if the group can demonstrate the technical feasibility of completing the software project so that it will be available for use or sale, the intention to complete the development project, the ability to sell or use the end-product, how the end-product will yield probable future economic benefits, the availability of adequate technical/financial/other resources to complete the project, and the ability to reliably measure the expenditure attributable to the project.

Capitalization of software depends on several judgments. While management has procedures in place to control the software development process, there is uncertainty regarding the outcome of the development process (timing of technological developments, technological obsolescence, and/or competitive pressures).

Useful lives of assets

The useful lives of assets are estimated in line with common market practice. The group reviews the remaining useful lives of its assets annually. If the expected remaining useful lives of assets are different from previous estimates, the amortization period shall be changed accordingly, which will impact the amortization in profit or loss prospectively.

Apart from goodwill (which has an indefinite useful life), intangible assets are amortized on a straight-line basis over their estimated useful lives from the day they are available for use. The estimated useful lives are as follows:

- Acquired identifiable intangible assets, based on nature of the underlying asset: five to 30 years; and
- Other intangible assets: three to five years.

Impairment

At the end of each reporting period, it is assessed whether there is an indication that an intangible asset may be impaired. If any such indication exists, then the group estimates the recoverable amount of the asset. If the recoverable amount is below the carrying value, the asset is impaired.

Goodwill is tested for impairment annually, at July 1, and when an impairment trigger has been identified.

Note 18 – Goodwill and Intangible Assets other than Goodwill continued

CRITICAL ESTIMATES AND JUDGMENTS

Measurement

Upon acquisition, the values of intangible assets acquired are estimated, mostly applying one of the methodologies below:

- Relief from royalty approach: this approach assumes that if the identifiable intangible asset was not owned, it would be acquired through a royalty agreement. The value of owning the asset equals the benefits from not having to pay royalty fees;
- Multi-period excess earnings method: under this approach, cash flows associated with the specific acquired identifiable intangible assets are determined. Contributory charges of other assets that are being used to generate the cash flows are deducted from these cash flows. The net cash flows are discounted to arrive at the value of the asset; or
- Cost method: the cost method reflects the accumulated cost that would currently be required to replace the asset.

These valuations are usually performed by management of the acquiring CGU in close cooperation with an external consulting firm. These calculations require estimates like future cash flows, royalty rates, discount rates, useful life, churn rate, and rate of return. The methodologies applied in this respect are in line with common market practice.

Impairment test

Impairment tests require estimates of a discount rate, future cash flows, and a perpetual growth rate. These estimates are made by management that manages the business to which the assets belong. The future cash flows cover a five-year period and are based on Vision & Strategy Plans (VSPs), prepared by management, and approved by the Executive Board.

The annual goodwill impairment test did not result in the recognition of an impairment. The outcome of the group's sensitivity analysis was that no reasonably possible change in any of the key assumptions would cause the carrying amount to exceed the recoverable amount. The allowed change in growth, discount rate, and adjusted operating profit margin was at least 300 basis points for each of the groups of cash generating units.

On top of the annual goodwill impairment test, the group performed an in-depth impairment triggering event analysis on its other non-current assets. In this analysis, the development of new sales, attrition rates of existing customers, growth rates, and cost measures were the main drivers. The group concluded that there was no impairment trigger for the majority of the other non-current assets, consisting mainly of acquired identifiable intangible assets. For Learner's Digest and certain assets in the Health operating segment, and for certain assets in the Governance, Risk & Compliance operating segment, we identified a triggering event in 2021. For these three U.S.-based units, expectations of market growth, new sales, and pipelines deteriorated and there was downward pressure on renewals. Following a value-in-use scenario analysis, whereby the critical key assumptions were new sales, attrition rates, and the effectiveness of cost measures, the group recognized an impairment on these three units' acquired identifiable intangible assets of €38 million in total.

CARRYING AMOUNTS OF GOODWILL AND ACQUIRED IDENTIFIABLE INTANGIBLE ASSETS PER OPERATING SEGMENT

	Goodwill	Acquired identifiable intangible assets	2021	2020
Health	1,058	204	1,262	1,221
Tax & Accounting	1,492	269	1,761	1,627
Governance, Risk & Compliance	1,029	345	1,374	1,316
Legal & Regulatory	601	227	828	923
Total	4,180	1,045	5,225	5,087

Note 18 – Goodwill and Intangible Assets other than Goodwill continued

IMPAIRMENT TESTING OF GOODWILL

The group performs an annual impairment test by comparing the carrying amount of the groups of CGUs to which the goodwill belongs, net of related deferred taxes, to the recoverable amount of the groups of CGUs. The groups of CGUs for goodwill impairment testing represent the lowest level at which goodwill is monitored by management, whereby management considers the integration of the group's business operations, and the global leverage of assets, capital, and staff. Acquisitions are integrated into existing business operations and the goodwill arising from a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the acquisition. The total number of groups of CGUs for goodwill impairment testing purposes was six in 2021 (2020: six groups of CGUs).

The recoverable amount is determined based on the higher of the value-in-use and the fair value less costs of disposal. If there is sufficient headroom, the group only determines the value-in-use. The recoverable amount is determined by discounting the future cash flows to be generated from the continuing use of the groups of CGUs. These valuations are based on non-observable market data. The recoverable amount calculations in 2021 were determined in a consistent manner with prior years. The cash flow projections are based on actual operating results and the long-term VSPs, as approved by the Executive Board.

The 2021 annual impairment test showed that the recoverable amount for all identified groups of CGUs for goodwill impairment testing exceeded their carrying amounts.

Key assumptions

The group's key assumptions include assumptions that are based on non-observable market data (level 3 input). The period over which the group estimates its cash flow projections is five years. After five years, cash flow projections are extrapolated using an appropriate perpetual growth rate that is consistent with the long-term average market growth rate. The 2021 weighted average long-term growth rate is 2.2% for the U.S. and 0.3% for Europe (2020: 1.4% for the U.S. and 0.0% for Europe). In addition, the following key assumptions were used in the projections:

- Revenue growth: based on actual experience, an analysis of market growth, and the expected development of market share; and
- Adjusted operating profit margin development: based on actual experience and management's long-term projections. Adjusted operating profit is deemed the best approximation for future cash flows.

The estimated pre-tax cash flows are discounted to their present value using a pre-tax weighted average discount rate for the individual groups of CGUs between 7.7% and 8.7% (2020: between 8.0% and 8.6%), with a weighted average of 8.5% (2020: 8.2%).

In determining the discount rate, the group used a risk-free rate based on the long-term yield on Dutch government bonds with a maturity of 20 years, adjusted for country risk premiums and country-specific inflation differentials. In determining the discount rate, the group applied the following assumptions:

	2021	2020
Risk-free rate United States (in %)	2.2	1.4
Risk-free rate Europe (in %)	0.3	0.0
Market risk premium (in %)	7.0	7.3
Tax rate (in %)	25.0	21.7
Re-levered beta	0.77	0.81

Note 18 – Goodwill and Intangible Assets other than Goodwill continued

Sensitivity analysis

The impairment testing includes an assessment if a reasonably possible change in a key assumption would cause the carrying amount of goodwill to exceed the recoverable amount. The outcome of the sensitivity analysis was that no reasonably possible change in one of the key assumptions would cause the carrying amount to exceed the recoverable amount.

The sensitivity per group of CGUs for the 2021 and 2020 goodwill impairment test, respectively, is as follows:

2021 sensitivity per group of CGUs	Applied weighted average growth rate	Allowed change (in basis points) Decline in growth	Increase in discount rate	Decrease in adjusted operating profit margin	Allocated goodwill at December 31, 2021
Health Learning, Research & Practice	1.4%	>300	>300	>300	534
Clinical Solutions	2.3%	>300	>300	>300	524
Tax & Accounting Americas and Asia Pacific	1.9%	>300	>300	>300	1,076
Tax & Accounting Europe	0.3%	>300	>300	>300	416
Governance, Risk & Compliance	2.1%	>300	>300	>300	1,029
Legal & Regulatory	1.6%	>300	>300	>300	601
Total	1.9%				4,180

2020 sensitivity per group of CGUs	Applied weighted average growth rate	Allowed change (in basis points) Decline in growth	Increase in discount rate	Decrease in adjusted operating profit margin	Allocated goodwill at December 31, 2020
Health Learning, Research & Practice	0.8%	>300	>300	>300	494
Clinical Solutions	1.4%	>300	>300	>300	484
Tax & Accounting Americas and Asia Pacific	1.1%	>300	>300	>300	943
Tax & Accounting Europe	0.0%	>300	>300	>300	411
Governance, Risk & Compliance	1.3%	>300	>300	>300	958
Legal & Regulatory	0.8%	>300	>300	>300	679
Total	1.1%				3,969

IMPAIRMENT TESTING OF ACQUIRED IDENTIFIABLE INTANGIBLE ASSETS AND OTHER INTANGIBLE ASSETS

The following impairments were recognized on the acquired identifiable intangible assets and other intangible assets:

	2021	2020
Acquired identifiable intangible assets – Learner's Digest and certain assets within Health	27	–
Acquired identifiable intangible assets – certain assets within GRC	11	–
Other intangible assets	18	17
Total	56	17

The impairment of other intangible assets relate to a small portion of the group's internally-developed software initiatives.

Note 19 – Property, Plant, and Equipment

		Land and buildings	Other fixed assets	2021	2020
Position at January 1					
Purchase value		124	251	375	485
Accumulated depreciation and impairment		(84)	(207)	(291)	(390)
Book value at January 1		40	44	84	95
Movements					
Investments		4	13	17	25
Acquired through business combinations	*Note 8*	0	0	0	2
Divestments of operations	*Note 8*	(2)	0	(2)	0
Disposals of assets		0	0	0	(7)
Net expenditures		2	13	15	20
Depreciation	*Note 14*	(6)	(19)	(25)	(26)
Transfer to assets classified as held for sale	*Note 9*	(1)	(2)	(3)	–
Foreign exchange differences		2	2	4	(5)
Total movements		(3)	(6)	(9)	(11)
Position at December 31					
Purchase value		125	255	380	375
Accumulated depreciation and impairment		(88)	(217)	(305)	(291)
Book value at December 31		37	38	75	84

In 2020, the group entered into a sale and lease back transaction for property in the Netherlands. This transaction resulted in a net book gain of €0 million and a cash inflow of €7 million.

Note 20 – Leasing

ACCOUNTING POLICIES
Property, plant, and equipment, consisting of land, buildings, and other assets such as office equipment and vehicles, are valued at cost less accumulated depreciation and any impairment. Leasehold improvements are presented as part of land and buildings.

Depreciation is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant, and equipment. Land is not depreciated.

The estimated useful lives for property, plant, and equipment are as follows:
- Buildings: 20 to 40 years;
- Leasehold improvements: equal to the lease term, unless the economic life of the leasehold improvement is shorter; and
- Other assets: three to ten years.

ACCOUNTING POLICIES
The group leases primarily real estate and, to a lesser extent, IT equipment and cars. The fixed rental periods mostly vary from one year to 15 years, but may have renewal and/or termination options. For real estate and IT equipment, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the same date at which the leased asset is available for use by the group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease liability is discounted based on the incremental borrowing rate, because the rate implicit in the lease cannot readily be determined. The finance cost is charged to profit or loss over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The group elected to apply the practical expedients to exclude all short-term leases and all leases for which the underlying asset is of low value, and not to apply IFRS 16 to leases of intangible assets (such as software). For IT equipment and car leases, the group elected to apply the practical expedient to not separate non-lease components from lease components, and instead to account for these components as a single lease component.

Payments associated with short-term leases and low-value leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less, considering any reasonably certain optional lease periods. Low-value leases comprise small items of office furniture and IT equipment. The total expenses arising from short-term leases and low-value leases are insignificant.

The group is to a very limited extent a lessor.

Note 20 – Leasing continued

ESTIMATES AND JUDGMENTS
IFRS 16 requires management to use estimates for setting the discount rate and to apply judgment in the assessment of renewal and termination options (i.e., optional lease periods) in the lease contracts.

Discount rate
The discount rate applied is based on the incremental borrowing rate for the respective leases considering the primary economic environment of the lease, the currency, the credit risk premium, the lease term, and the nature of the leased asset.

At December 31, 2021, the weighted average discount rate is 2.4% (2020: 2.8%).

Renewal and termination options
Renewal and termination options are included in several real estate and other lease contracts. These terms are used to maximize operational flexibility in terms of managing contracts. Most contract-specific renewal and termination options are exercisable only by the group and not by the respective lessor.

In determining the lease term, the group considers all facts and circumstances that create an economic incentive to use the optional lease period. Optional lease periods are only included in the lease term if it is reasonably certain that the optional lease period will be used. The assessment is reviewed if a significant change in circumstances occurs which affects this assessment and that is within the control of the group.

Real estate leases that are annually renewed or that have an indefinite contract term are on average leased for five years. Optional periods arising from renewal options of other real estate leases are mostly not considered to be reasonably certain, since the rent is often reset at the market price at the renewal option date. Optional periods after termination option dates are often considered in the lease term, due to termination penalties included in the contract.

Impairment of right-of-use assets
A lessee should apply IAS 36 Impairment of Assets to determine whether there is an impairment trigger regarding the right-of-use asset and account for any impairment loss identified. In the group, this primarily may apply to the asset class real estate. The impairment of a real estate right-of-use asset becomes relevant in case of vacant office space.

If vacant office space is identified, this space is considered a CGU on its own, when that space can contractually and practically be sublet. An impairment is recognized when the recoverable amount is lower than the carrying value. Mostly, the recoverable amount will be based on expected future sublease receipts, estimated by an external real estate broker. The carrying value may not only include the right-of-use asset, but also any directly related associated assets such as leasehold improvements.

The group's real estate rationalization program resulted in impairments on right-of-use assets of €1 million (2020: €2 million).

Note 20 – Leasing continued

MOVEMENT SCHEDULE OF RIGHT-OF-USE ASSETS

		Real estate	Other leases	2021	2020
Position at January 1					
Purchase value		589	74	663	673
Accumulated depreciation and impairment		(305)	(39)	(344)	(332)
Book value at January 1		284	35	319	341
Movements					
Additions from new leases		12	12	24	71
Additions from sale and leaseback	*Note 19*	–	–	–	5
Acquired through business combinations	*Note 8*	2	–	2	4
Contract modifications and reassessments of options		17	3	20	(4)
Net additions		31	15	46	76
Depreciation	*Note 14*	(52)	(19)	(71)	(73)
Impairment	*Note 14/18*	(1)	–	(1)	(2)
Transfer to assets classified as held for sale	*Note 9*	(9)	(1)	(10)	–
Foreign exchange differences		16	2	18	(23)
Total movements		(15)	(3)	(18)	(22)
Position at December 31					
Purchase value		578	80	658	663
Accumulated depreciation and impairment		(309)	(48)	(357)	(344)
Book value at December 31		269	32	301	319

Note 20 – Leasing continued

CONTRACTUAL MATURITIES OF LEASE LIABILITIES

		2021	2020
Within one year		70	72
Between one and two years		61	60
Between two and three years		51	52
Between three and four years		42	44
Between four and five years		33	37
Between five and ten years		91	103
Ten years and more		17	24
Effect of discounting		(34)	(44)
Total lease liabilities at December 31	*Note 29*	331	348

CASH OUTFLOW FOR LEASES

	2021	2020
Interest portion of lease payments	9	11
Repayment of principal portion of lease liabilities	68	74
Total	77	85

OTHER DISCLOSURES

At December 31, 2021, the future undiscounted cash outflow arising from leases not yet commenced and to which the group is committed amounted to €0 million (2020: €0 million).

The group's lease agreements do not impact any covenants.

Note 21 – Investments in Equity-accounted Investees

The group's shares in equity-accounted investees at December 31 are:

ownership in %	2021	2020
HaoYisheng (Beijing, China)	22	22

ACCOUNTING POLICIES

Interests in equity-accounted investees (associates) are accounted for using the equity method and are initially recognized at cost, which includes goodwill identified upon acquisition and transaction costs. Associates are recognized from the date the group has significant influence, and recognition ceases the date the group has lost its significant influence over the equity investment.

When an interest in an associate is increased to a controlling interest, the equity interest previously held is treated as if it was disposed of and reacquired at fair value on the acquisition date. Any resulting gain or loss compared to the carrying amount is recognized in profit or loss. Any amount that has previously been recognized in other comprehensive income, and that would be reclassified to profit or loss following a divestment, is similarly reclassified to profit or loss.

MOVEMENT SCHEDULE OF EQUITY-ACCOUNTED INVESTEES

	2021	2020
Position at January 1	8	8
Divestments	–	(5)
Dividends received	–	(1)
Share of profit in equity-accounted investees, net of tax	1	6
Foreign exchange differences	1	0
Position at December 31	10	8

In 2020, the group sold its 40% equity shareholding in Logical Images, Inc. Refer also to *Note 8 – Acquisitions and Divestments*.

For the equity-accounted investees at December 31, 2021, and December 31, 2020, respectively, the financial information (at 100%) and the group's weighted proportionate share is as follows:

	Total equity-accounted investees		Group's share	
	2021	2020	2021	2020
Total assets	28	25	6	5
Total liabilities	16	20	3	4
Total equity	12	5	3	1
Revenues	24	23	5	5
Net profit for the year	5	6	1	1

Note 22 – Financial Assets

	2021	2020
Financial assets at fair value through profit or loss	0	0
Finance lease receivables	0	1
Other non-current financial assets	5	4
Total	5	5

The exposure to credit risk of the financial assets is considered immaterial. Refer to *Note 30 – Financial Risk Management*.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2021	2020
Position at January 1		0	0
Financial assets arising from divestment of operations	*Note 8*	6	–
Revaluation gain/(loss) on financial assets at fair value through profit or loss	*Note 15*	(5)	0
Foreign exchange differences		(1)	0
Position at December 31		0	0

Note 23 – Tax Assets and Liabilities

DEFERRED TAX ASSETS AND LIABILITIES

temporary differences arising from:	Assets	Liabilities	2021	2020
Intangible assets	9	(399)	(390)	(403)
Property, plant, and equipment and right-of-use assets	6	(5)	1	5
Employee benefits	37	0	37	42
Tax value of loss carry-forwards recognized	38	–	38	43
Other items	123	(41)	82	80
Total before set-off of tax	213	(445)	(232)	(233)
Set-off of tax	(151)	151	0	0
Position at December 31	62	(294)	(232)	(233)

The actual recognition of deferred tax assets depends on the generation of future taxable income during the periods in which the temporary differences become deductible. Based on projected future taxable income and available strategies, the group considers the future realization of these deferred tax assets as being probable.

Other items mainly include recognition of deferred tax assets and liabilities for temporary differences on working capital items.

Note 23 – Tax Assets and Liabilities continued

MOVEMENTS IN TEMPORARY DIFFERENCES, 2021

	Balance at January 1, 2021	Acquisitions/ divestments	Transfer to assets and liabilities classified as held for sale *(Note 9)*	Recognized in profit or loss *(Note 16)*	Recognized in equity and other comprehensive income	Foreign exchange differences	Balance at December 31, 2021
Intangible assets	(403)	4	0	34	–	(25)	(390)
PPE and right-of-use assets	5	–	0	(4)	–	0	1
Employee benefits	42	0	0	(4)	(4)	3	37
Tax value of loss carry-forwards recognized	43	–	–	(8)	–	3	38
Other items	80	4	(1)	(4)	0	3	82
Total	(233)	8	(1)	14	(4)	(16)	(232)

MOVEMENTS IN TEMPORARY DIFFERENCES, 2020

	Balance at January 1, 2020	Acquisitions/ divestments	Transfer to assets and liabilities classified as held for sale *(Note 9)*	Recognized in profit or loss *(Note 16)*	Recognized in equity and other comprehensive income	Foreign exchange differences	Balance at December 31, 2020
Intangible assets	(414)	(33)	–	24	–	20	(403)
PPE and right-of-use assets	6	–	–	(1)	–	0	5
Employee benefits	40	0	–	3	0	(1)	42
Tax value of loss carry-forwards recognized	39	14	–	(8)	–	(2)	43
Other items	83	1	–	(6)	1	1	80
Total	(246)	(18)	0	12	1	18	(233)

Note 23 – Tax Assets and Liabilities continued

MOVEMENTS IN OVERALL TAX POSITION

		2021	2020
Position at January 1			
Current income tax assets		23	22
Current income tax liabilities		(169)	(163)
Deferred tax assets		72	86
Deferred tax liabilities		(305)	(332)
Overall tax position		(379)	(387)
Movements			
Total income tax expense	*Note 16*	(201)	(216)
Deferred tax from acquisitions and divestments		8	(18)
Current income tax from acquisitions and divestments		0	0
Deferred tax on items recognized directly in other comprehensive income		(4)	1
Paid income tax		277	221
Transfer to assets and liabilities classified as held for sale	*Note 9*	1	–
Foreign exchange differences		(17)	20
Total movements		64	8
Position at December 31			
Current income tax assets		59	23
Current income tax liabilities		(142)	(169)
Deferred tax assets		62	72
Deferred tax liabilities		(294)	(305)
Overall tax position		(315)	(379)

The current income tax liabilities include, to a large extent, uncertain tax positions, of which most of the liabilities are expected to be settled beyond one year. For the critical estimates and judgments applied to uncertain tax positions, refer to *Note 16 – Income Tax Expense.*

The group paid income taxes for the amounts of €166 million (2020: €126 million) in North America, €104 million (2020: €89 million) in Europe, and €7 million (2020: €6 million) in Asia Pacific and Rest of World.

The amount of deferred tax assets arising from recognized tax loss carry-forwards, which relate to tax jurisdictions where the group continued to incur tax losses in the current and/or preceding year, was €11 million at December 31, 2021 (2020: €44 million). It is considered probable based on forecasts that future taxable profits will be available.

UNRECOGNIZED TAX LOSSES AND TEMPORARY DIFFERENCES

The group has not recognized deferred tax assets that relate to unused tax losses and temporary differences amounting to €253 million (2020: €255 million), as it is not probable that future taxable profit will be available against which the group can use the benefits. Of these unused tax losses and temporary differences, 11% expire within the next five years (2020: 10%), 13% expire after five years (2020: 17%), and 76% carry forward indefinitely (2020: 73%).

In addition, the group has not recognized net deferred tax assets of €20 million (2020: €15 million), relating to unused state tax losses in the U.S. Of these unused state tax losses, 21% expire within the next five years (2020: 34%), and 79% expire after five years (2020: 66%).

Note 23 – Tax Assets and Liabilities continued

DEFERRED TAX ON ITEMS RECOGNIZED IMMEDIATELY IN OTHER COMPREHENSIVE INCOME AND EQUITY

			2021			2020
	Amount before tax	Tax	Amount net of tax	Amount before tax	Tax	Amount net of tax
Exchange differences on translation of foreign operations, recycling of foreign exchange differences on loss of control, and net investment hedges	339	0	339	(337)	1	(336)
Gains/(losses) on cash flow hedges	10	–	10	(18)	–	(18)
Remeasurement gains/(losses) on defined benefit plans	16	(4)	12	0	0	0
Recognized in other comprehensive income	365	(4)	361	(355)	1	(354)
Share-based payments	24	–	24	24	–	24
Recognized in equity	24	–	24	24	–	24

Note 24 – Inventories

	2021	2020
Work in progress	21	19
Finished products and trade goods	44	49
Total	65	68

ACCOUNTING POLICIES

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes all costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to complete the sale.

Inventories also include internally developed commercial software products. The cost of internally produced goods includes the developing, manufacturing, content, and publishing costs. Trade goods purchased from third parties are valued at the purchase price.

At December 31, 2021, the provision for obsolescence deducted from the inventory carrying values amounted to €18 million (2020: €18 million). In 2021, an amount of €2 million was recognized as an expense for the change in the provision for obsolescence (2020: €2 million) and is presented as part of cost of revenues in the consolidated statement of profit or loss.

Note 25 – Contract Assets and Liabilities

	2021	2020
Trade receivables	1,008	986
Non-current contract assets	19	21
Current contract assets	138	111
Non-current deferred income	113	112
Current deferred income	1,709	1,518
Other current contract liabilities	80	66

ACCOUNTING POLICIES

Contract assets and contract liabilities

The group recognizes the following contract-related assets: unbilled revenues, cost to obtain a contract, and cost to fulfill a contract.

The group recognizes the following contract-related liabilities: deferred income and the provisions for returns, refunds, and other liabilities.

In general, when either party to a customer contract has performed, the group recognizes unbilled revenues or deferred income, depending on the relationship between the group's performance and the timing of the customers' payment.

Where the group has performed by transferring a good and/or service to the customer and the customer has not yet paid the related consideration, unbilled revenues or a receivable is presented in the consolidated statement of financial position, depending on the nature of the group's right to consideration.

For contracts whereby neither party has performed, trade receivables and deferred income balances are presented on a net basis.

A contract asset is recognized when the group's right to consideration is conditional on something other than the passage of time, for example future performance of the entity. A receivable is recognized when the group's right to consideration is unconditional except for the passage of time.

Cost to obtain a contract

Incremental cost for obtaining a contract (primarily sales commissions) will be capitalized and amortized if the contract term is expected to be longer than 12 months, as the practical expedient of IFRS 15 is applied. The amortization period will usually be one to five years, or the underlying contract life if longer, subject to the nature of the underlying performance obligations.

Cost to fulfill a contract

If the group incurs cost to fulfill a revenue contract with a customer (e.g., costs that are explicitly chargeable to the customer under the contract, set-up cost, or pre-contract costs), an asset is recognized if these costs directly relate to a contract, generate or enhance resources that will be used in satisfying performance obligations in the future, and are expected to be recovered. The amortization of set-up and pre-contract costs is recognized as an expense over the term of the associated contract.

Impairment

Any impairment of assets relating to contracts with customers is measured, presented, and disclosed in accordance with IFRS 9.

Deferred income

Deferred income is presented in the consolidated statement of financial position when a customer has paid an amount of consideration prior to the group performing. It represents the part of the amount invoiced to customers that has not yet met the criteria for revenue recognition and thus still must be earned as revenue by means of the delivery of goods and/or services in the future. Deferred income is recognized at its nominal value.

Note 25 – Contract Assets and Liabilities continued

Provisions for returns, refunds, and other liabilities
The group recognizes a contract liability if the group receives consideration from a customer and expects to refund some or all of that consideration to the customer or for transferred goods and/or services with a right of return. The contract liability is measured as the amount of the consideration for which the group does not expect to be entitled to.

ESTIMATES AND JUDGMENTS

The assessment of the nature of sales commission plans for meeting the capitalization criteria requires judgment. The applicable amortization period of the incremental cost to obtain a contract is estimated by the group, by matching the useful life of the capitalized sales commissions with the expected benefits of the underlying contract.

GENERAL

In general, the group applies payment terms in line with common industry practice. There are no contracts with a material financing component. There are contracts with variable consideration, but the related estimates are almost never constrained. To a very limited extent, the group acts as an agent in its contracts with customers.

Most of the goods and/or services require prepayment of the consideration. However, the group also has contracts with customers where invoicing occurs after delivery of the goods and/or services.

Trade receivables and unbilled revenues are shown net of impairment losses amounting to €83 million (2020: €84 million). The fair value of the receivables approximates the carrying amount. Impairment losses on trade receivables and unbilled revenues are presented as part of sales costs in the consolidated statement of profit or loss.

LOSS ALLOWANCE

		2021	2020
Position at January 1		84	72
Divestment of operations		(1)	–
Transfer to assets classified as held for sale		(1)	–
Additions to loss allowances	*Note 10*	20	36
Usage of loss allowances		(25)	(19)
Foreign exchange differences		6	(5)
Position at December 31		83	84

For further information on credit risk, refer to *Note 30 – Financial Risk Management.*

Note 25 – Contract Assets and Liabilities continued

CONTRACT ASSETS

current and non-current		Unbilled revenues	Cost to obtain a contract	Cost to fulfill a contract	2021	2020
Position at January 1		75	32	25	132	157
Recognized as revenues in the year		331	–	–	331	321
Newly recognized cost to fulfill a contract		–	–	391	391	322
Transferred to trade receivables		(315)	–	(397)	(712)	(637)
Newly recognized cost to obtain a contract		–	29	–	29	21
Amortization of capitalized sales commissions	*Note 10*	–	(23)	–	(23)	(21)
Autonomous movements in contract assets		16	6	(6)	16	6
Acquired through business combinations		0	1	–	1	0
Divestments of operations		–	–	–	0	(4)
Transfer to assets classified as held for sale		(1)	–	–	(1)	–
Foreign exchange differences		5	1	3	9	(27)
Position at December 31		95	40	22	157	132

The group did not recognize an impairment loss on the unbilled revenues during the year (2020: nil).

DEFERRED INCOME

current and non-current		2021	2020
Position at January 1		1,630	1,679
New and existing contracts with customers		3,683	3,434
Recognized as revenues from opening balance		(1,518)	(1,550)
Recognized as revenues in the year on new and existing contracts		(2,007)	(1,810)
Change in netting against trade receivables		(45)	(30)
Autonomous movements in deferred income		113	44
Acquired through business combinations		6	21
Divestments of operations		(2)	(11)
Transfer to liabilities classified as held for sale	*Note 9*	(27)	–
Foreign exchange differences		102	(103)
Position at December 31		1,822	1,630

No material amount of revenues was recognized in 2021 from performance obligations satisfied or partially satisfied in previous years, because of events such as changes in transaction price. Furthermore, we did not have material changes in deferred income because of changes in our estimates or because of contract modifications.

The aggregate amount of the transaction price allocated to the remaining performance obligations that are unsatisfied at year-end 2021 was €3,727 million (2020: €3,133 million), of which €1,822 million was included in deferred income (2020: €1,630 million). The unfulfilled performance obligations not recognized in deferred income relate to multi-year contracts agreed with customers, whereby we expect to satisfy these performance obligations for a large part within one year and for the remainder between one to five years.

Note 25 – Contract Assets and Liabilities continued

OTHER CONTRACT LIABILITIES

	2021	2020
Position at January 1	66	39
Additions to provision for returns, refunds, and other	90	108
Usage of provision for returns, refunds, and other	(76)	(79)
Autonomous movements in other contract liabilities	14	29
Transfer to liabilities classified as held for sale	(4)	–
Foreign exchange differences	4	(2)
Position at December 31	80	66

Note 26 – Other Receivables

		2021	2020
Prepaid royalties		18	20
Non-current other receivables		18	20
Prepaid royalties		81	74
Other prepayments		251	160
Miscellaneous receivables		34	35
Interest receivable		0	2
Deferred divestment consideration receivable	*Note 8*	–	1
Current other receivables		366	272

Note 27 – Cash and Cash Equivalents

		2021	2020
Deposits		610	112
Cash and bank balances		391	611
Total cash and cash equivalents in the consolidated statement of financial position		1,001	723
Minus: Bank overdrafts used for cash management purposes	*Note 29*	(9)	(359)
Plus: Cash included in assets held for sale	*Note 9*	2	–
Total cash and cash equivalents including cash included in assets held for sale in the consolidated statement of cash flows		994	364

ACCOUNTING POLICIES

Cash and cash equivalents comprise cash and bank balances and call deposits.

Bank overdrafts predominantly result from cash pool arrangements and are presented within borrowings and bank overdrafts in current liabilities. The group discloses the financial assets and financial liabilities within these arrangements on a gross basis.

An amount of €0 million (2020: €0 million) relates to cash and cash equivalent balances of entities that the group does not fully own (see *Note 17 – Non-controlling Interests).*

All deposits are on-demand deposits that are readily convertible into cash.

At December 31, 2021, bank balances include an amount of approximately €45 million (2020: €36 million) of restricted cash, primarily due to local exchange control regulations that provide for restrictions on exporting cash and/or capital from the relevant country.

Note 28 – Trade and Other Payables

		2021	2020
Trade payables		123	133
Salaries and holiday allowances		284	220
Social security premiums and other taxation		88	75
Pension-related payables		24	17
Royalty payables		90	87
Other accruals and payables		300	252
Interest payable		34	35
Deferred and contingent acquisition payables	*Note 29*	1	0
Total		944	819

Note 29 – Long-term Debt

	Nominal value	Effective interest rate in %	Nominal interest rate in %	Repayment commitments 1-5 years	Repayment commitments >5 years	2021	2020
Bonds 2008-2028 (100.00*)	€36	6.812	6.748	–	36	36	36
Bonds 2013-2023 (99.709*)	€700	2.950	2.875	699	–	699	699
Bonds 2014-2024 (99.164*)	€400	2.640	2.500	399	–	399	398
Bonds 2017-2027 (99.659*)	€500	1.575	1.500	–	498	498	498
Bonds 2020-2030 (99.292*)	€500	0.862	0.750	–	495	495	495
Bonds 2021-2028 (99.958*)	€500	0.307	0.250	–	498	498	–
Bonds, measured at amortized cost				1,098	1,527	2,625	2,126
Private placement 2008-2038, measured at amortized cost	¥20,000	3.330	3.330	–	153	153	157
Deferred and contingent acquisition payments, measured at fair value				1	–	1	0
Other debt, measured at amortized cost				10	–	10	9
Derivative financial instruments, measured at fair value				–	2	2	8
Other long-term debt				11	2	13	17
Total long-term debt (excluding lease liabilities)				1,109	1,682	2,791	2,300
Lease liabilities**						260	276
Total long-term debt						3,051	2,576

* Issue price of the financial instrument.
** For the repayment commitments of lease liabilities, refer to *Note 20 – Leasing*.

Note 29 – Long-term Debt continued

RECONCILIATION LONG-TERM DEBT TO NET DEBT

		2021	2020
Total long-term debt		3,051	2,576
Borrowings and bank overdrafts:			
Euro Commercial Paper program		–	100
Bank overdrafts, measured at amortized cost	*Note 27*	9	359
Total borrowings and bank overdrafts		9	459
Short-term lease liabilities		71	72
Deferred and contingent acquisition payables, measured at fair value	*Note 28*	1	0
Total short-term debt		81	531
Gross debt		3,132	3,107
Minus:			
Cash and cash equivalents	*Note 27*	(1,001)	(723)
Deferred divestment consideration receivable	*Note 26*	–	(1)
Net debt		2,131	2,383

ACCOUNTING POLICIES

Financial instruments

Financial instruments comprise the following:

- Non-derivative financial assets and liabilities: financial assets designated at fair value through profit or loss, trade and miscellaneous receivables, cash and cash equivalents, borrowings and bank overdrafts, trade payables, and short- and long-term debt; and
- Derivative financial assets and liabilities: currency forwards and cross-currency interest rate swaps.

Financial assets and liabilities are offset and presented as net in the consolidated statement of financial position when the group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The group recognizes non-derivative financial assets and liabilities on the trade date.

Non-derivative financial assets

Trade and miscellaneous receivables are measured at amortized cost, less accumulated impairment.

Impairment of non-derivative financial assets

The determination of the provision for impairment is based on the group's historical average of three years of credit losses, which is used as a proxy for expected losses on trade receivables with similar characteristics and credit profile. Trade receivables longer than one year overdue and trade receivables with specific risk with no reasonable expectation of recovery, are impaired and provided for in full, unless reliable supporting information to conclude otherwise is available. The group does not present its impairment losses separately in the consolidated statement of profit or loss, but in the notes thereto.

Non-derivative financial assets designated at fair value through profit or loss

Non-derivative financial assets designated at fair value through profit or loss comprise equity investments and are measured at fair value. Fair value changes are recognized in profit or loss.

Note 29 – Long-term Debt continued

Non-derivative financial liabilities measured at amortized cost
Financial liabilities measured at amortized cost are bonds, the Euro Commercial Paper program, private placements, other long-term and short-term debt, and trade payables.

The group initially recognizes non-derivative financial liabilities at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings, using the effective interest method.

Non-derivative financial liabilities designated at fair value through profit or loss
Non-derivative financial liabilities designated at fair value through profit or loss comprise contingent considerations and are measured at fair value. Changes therein are recognized in profit or loss.

Derivative financial instruments and hedging activities
The group holds derivative financial instruments to hedge risk exposures.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is concluded and are subsequently remeasured at fair value. The method of recognizing gains or losses depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

The group designates certain derivatives as either:
- Hedges of a risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge);
- Hedges of a net investment in a foreign operation (net investment hedge); or
- Currency forward instruments to protect the group's net profit (not qualifying for hedge accounting).

With respect to foreign currency forwards used in the cash flow hedges and the net investment hedges, the group designates as a hedging instrument only the change in the value of the spot component of a forward contract (and not the forward element). The differential between the contracted forward rate and the market spot rate, defined as forward points, is recognized in other comprehensive income, and accumulated in the hedge reserve within total equity.

Cash flow hedge
The effective part of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. Amounts accumulated in the hedge reserve are reclassified to profit or loss in the same period the hedged item affects the profit or loss within the line where the result from the hedged transaction is recognized.

The gain or loss relating to the ineffective part of the hedging relationship is recognized in profit or loss within financing results.

Reclassification of hedge reserve to profit or loss
When a hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedge reserve at that time remains in the hedge reserve and is reclassified when the hedged transaction is ultimately recognized in profit or loss. When a hedged transaction is no longer expected to occur, the cumulative gain or loss in the hedge reserve is reclassified to profit or loss.

Net investment hedge
Fair value changes of derivative financial instruments that are used to hedge the net investment in foreign operations, which are determined to be an effective hedge, are recognized directly in other comprehensive income in the translation reserve. Gains and losses accumulated in the translation reserve are reclassified to profit or loss when the foreign operation is disposed. If a hedging relationship is terminated and the derivative financial instrument is not sold, future changes in the fair value of the derivative financial instrument are recognized in profit or loss.

The gain or loss relating to the ineffective part of the hedging relationship is recognized in profit or loss within financing results.

Note 29 – Long-term Debt continued

Derivatives that do not qualify for hedge accounting
Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognized in profit or loss within financing results.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Gross debt, excluding lease liabilities, derivative financial instruments, and bank overdrafts

	Balance at January 1, 2021	Net cash flows	Acquisitions/ Divestments	Unwinding of discount	Foreign exchange differences	Other non-cash movements	Balance at December 31, 2021
Bonds	2,126	500	–	1	–	(2)	2,625
Private placements	157	–	–	0	(4)	–	153
Other gross debt	109	(100)	2	–	1	–	12
Total	2,392	400	2	1	(3)	(2)	2,790

	Balance at January 1, 2020	Net cash flows	Acquisitions/ Divestments	Unwinding of discount	Foreign exchange differences	Other non-cash movements	Balance at December 31, 2020
Bonds	1,629	496	–	2	–	(1)	2,126
Private placements	413	(250)	–	0	(6)	–	157
Other gross debt	238	(121)	0	–	(4)	(4)	109
Total	2,280	125	0	2	(10)	(5)	2,392

Lease liabilities

current and non current		2021	2020
Position at January 1		348	368
Additions from new leases		24	71
Additions from sale and leaseback		–	6
Acquired through business combinations	*Note 8*	2	4
Transfer to liabilities classified as held for sale		(11)	–
Contract modifications and reassessments of options		19	(4)
Repayment of lease liabilities (interest and principal portion)		(77)	(85)
Unwinding of discount of lease liabilities	*Note 15*	9	11
Foreign exchange differences		17	(23)
Position at December 31		331	348

For accounting policies, estimates, and judgments on lease liabilities, refer to *Note 20 – Leasing*.

Note 29 – Long-term Debt continued

LOAN MATURITY

The following amounts of gross debt (excluding lease liabilities) at December 31, 2021, are due within and after five years:

	2021
2023	704
2024	405
2025	0
2026	0
Due after 2026	1,682
Long-term debt	2,791
Short-term debt (2022)	10
Total (excluding lease liabilities)	2,801

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

Bonds

The group has senior bonds outstanding for an amount of €2,625 million at December 31, 2021 (2020: €2,126 million). The nominal interest rates on the bonds are fixed until redemption.

On March 30, 2021, the group issued a €500 million seven-year senior unsecured Eurobond. The bonds were sold at an issue price of 99.958 percent and carry an annual coupon of 0.250 percent. The senior unsecured bonds will mature on March 30, 2028. The net proceeds of the offering will be used for general corporate purposes.

Private placements

The group holds private placements in Japanese yen. These private placements (¥20,000 million) are converted to and hedged against euro via cross-currency interest rate swaps. These swaps have been collateralized for credit risk in line with the treasury risk management policies. There is no collateral outstanding at December 31, 2021 (2020: no collateral outstanding).

Multi-currency revolving credit facility

Effective July 2021, the group concluded a one-year extension to its €600 million multi-currency revolving credit facility from July 2023 to July 2024, retaining an option to extend by another year. Furthermore, in July 2021, multi-year sustainability or Environmental, Social, and Governance (ESG) targets are introduced in our credit facility, which links these targets to the interest rates in the credit facility. The interest rates on the multi-currency revolving credit facility are variable. The credit facility is for general corporate purposes.

At December 31, 2021, no amounts were drawn under the facility (December 31, 2020: no amounts drawn). The multi-currency revolving facility is subject to customary conditions, including a financial credit covenant. The credit facility covenant requires that the consolidated net senior borrowings (excluding fully subordinated debt) to adjusted EBITDA shall not exceed 3.5. In 2021 and 2020, the group was comfortably within the thresholds stipulated in the financial covenant of the credit facility.

Euro Commercial Paper program

The group has a Euro Commercial Paper (ECP) program in place, under which it may issue unsecured, short-term debt (ECP notes) for a maximum of €1.0 billion. The program provides flexible funding for short-term cash needs at attractive rates. At December 31, 2021, no ECP notes were outstanding (2020: €100 million outstanding, included in borrowings and bank overdrafts).

DEFAULTS AND/OR BREACHES

There were no defaults or breaches on the loans and borrowings during 2021 and 2020.

Note 30 – Financial Risk Management

RISK MANAGEMENT FRAMEWORK

The group's activities are exposed to a variety of financial risks, including market, liquidity, and credit risk. Identification and management of financial risks are carried out by the central treasury department (Corporate Treasury), whereby the treasury operations are conducted within a framework of policies and guidelines (Treasury Policy), which have been approved by the Executive Board and the Supervisory Board. The Treasury Policy is reviewed at least annually, considering market circumstances and market volatility, and is based on assumptions concerning future events, subject to uncertainties and risks that are outside of the group's control. The Treasury Committee, comprising the Vice President Group Accounting & Reporting, Controller Corporate Office, Executive Vice President Treasury & Risk, and representatives of the Corporate Treasury and Treasury Back-Office, meets quarterly to review treasury activities and compliance with the Treasury Policy, and reports directly to the Executive Board and the Audit Committee. The Treasury Back-Office reports deviations directly to the CFO and the Executive Vice President Treasury & Risk.

Under the Internal Control Framework, the financial reporting controls, including policy and procedures, of the Corporate Treasury Department are periodically reviewed. Corporate Treasury reports quarterly to the Audit Committee on its compliance with the Treasury Policy.

The group's funding activities are carried out by Corporate Treasury, using long-term capital market instruments and committed credit facilities to ensure optimal financial flexibility and capital efficiency. The borrowings, together with cash generated from operations, are lent or contributed as equity to the operating companies. The group targets a net-debt-to-EBITDA ratio of approximately 2.5. However, the group could temporarily deviate from this relative indebtedness ratio. At December 31, 2021, the net-debt-to-EBITDA ratio was 1.4 (2020: 1.7).

All treasury activities – in particular, the use of derivative financial instruments – are subject to the principle of risk minimization and are executed by specialist treasury personnel. For this reason, financial transactions and risk positions are managed in a central treasury management and payment system. It is the group's policy that material currency translation and variable interest exposures are partially hedged by Corporate Treasury, in accordance with the annual treasury plan approved by the Audit Committee. The group does not purchase or hold derivative financial instruments for speculative purposes. The group's risk profile is defined and reviewed regularly. Although the economic environment has become more challenging because of the volatility in financial markets, the exposure to financial risks for the group has not significantly changed, nor the approach to these risks.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's profit or loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

CURRENCY RISK

The group has identified transaction and translation risks as the main currency risks. The transaction risk exposure within individual group entities is relatively immaterial. The transaction prices invoiced to customers for goods and/or services are mainly denominated in the customers' local currencies. Given the nature of the business, almost all related costs are also incurred in those local currencies. Derivative financial instruments to hedge transaction risks are therefore not frequently used.

HEDGE ACCOUNTING

Translation risk is the risk that exchange rate gains or losses arise from translating the statement of profit or loss, statement of financial position, and statement of cash flows of foreign subsidiaries to the group's presentation currency (euro) for consolidation purposes.

The group's risk management strategy practice is that material currency translation exposures (including U.S. dollar net investments) are partially hedged by Corporate Treasury. Currency exposures, which impact the statements of financial position and/or profit or loss by 10% or more, are considered material. The translation exposure on the statement of cash flows is partly mitigated by matching cash inflows and outflows in the same currency. The group's main translation risk is its exposure to the U.S. dollar.

Note 30 – Financial Risk Management continued

In line with its risk management strategy, the group manages the translation risk using three types of risk mitigating actions, of which two types of transactions are designated as a hedge and for which the group applies hedge accounting.

Net investment hedge

The group partially protects total equity for foreign exchange differences using U.S. dollar currency forward contracts qualifying as net investment hedges, which partially offset the translation risk on U.S. dollar-denominated subsidiaries and long-term receivables of the U.S. operations, being the hedged item. The fair value changes of the net investment hedge partially offset the currency differences on translation of U.S. dollar-denominated subsidiaries and long-term receivables from U.S. operations, both being recognized in other comprehensive income.

The group had U.S. dollar forward contracts outstanding for a total notional amount of €177 million ($200 million) at December 31, 2021 (2020: €163 million or $200 million). These hedges create a U.S. dollar balance sheet cover with a future settlement date and had a carrying value of €0 million at December 31, 2021.

The group had U.S. dollar liabilities outstanding for a total notional amount of €406 million ($460 million) at December 31, 2021 (2020: €385 million or $472 million). The U.S. dollar liabilities include net investment hedges and other U.S. dollar-denominated liabilities. The U.S. dollar balance sheet cover of 10% (2020: 11%) is defined as the sum of U.S. dollar net investment hedges and other U.S. dollar liabilities outstanding, divided by the group's net investment in U.S. dollar-denominated assets.

Cash flow hedge

The group protects against the translation differences on the Japanese yen private placement (2021 and 2020: ¥20,000 million) and the related interest payments, using cash flow hedges by means of four cross-currency interest rate swaps. The fair value changes of the cash flow hedges are recognized in equity until the hedging relationship with the corresponding hedged instrument is terminated. At that moment the translation differences are reclassified to profit or loss.

Currency forwards

The group partially protects net profit for foreign exchange differences using U.S. dollar and other currency forwards not qualifying for hedge accounting. The fair value changes of these currency forwards are recognized in financing results and partially offset any translation risk on profit or loss elements.

In 2021, the group swapped 50% (2020: 95%) of the net financing results of €78 million (2020: €46 million) into U.S. dollars, using foreign exchange derivatives of $40 million (2020: $40 million).

Sensitivity

Based on the percentage of 50% for net financing results payable in U.S. dollars, an instantaneous 1% decline of the U.S. dollar against the euro at December 31, 2021, with all other variables held constant, would result in a decrease of approximately €0.4 million in net financing results (2020: €0.3 million).

Hedge effectiveness

Before applying hedge accounting, the group assesses, in accordance with the group's risk management policies and the parameters of the hedge, whether the designated hedge is highly effective. In 2021, the group did not record ineffectiveness because of hedging activities (2020: no ineffectiveness). The group measures hedge effectiveness on a forward-looking basis at the inception of the hedging relationship, and on an ongoing basis at reporting dates through a qualitative assessment of the critical terms of the hedging instrument and the hedged item. The hedge values will generally move in the opposite direction because of the same risk and hence an economic relationship exists. The results of these effectiveness tests all satisfied the effectiveness criterion during the year.

Note 30 – Financial Risk Management continued

INTEREST RATE BENCHMARK REFORM – PHASE 2

The fixed interest payments on the Japanese Yen private placements are converted to and hedged against euro via cross-currency interest rate swaps. The Interest Rate Benchmark Reform did not impact these fixed interest payments. However, both the Japanese Libor and Euribor were inputs in the fair value determination. Therefore, the group had some exposure to the Japanese yen Libor and Euribor. As from 2022, the Japanese yen Libor will be replaced by the Tokia Overnight Rate (TONA) in the fair value determination. The Euribor reference will only be replaced once this rate is discontinued. In addition, the Euro Overnight Index Average (EONIA) reference in the Credit Support Annex will be amended to the Euro Short-Term Rate (€STR) in the first quarter of 2022.

In 2020, a corporate IBOR-reform work group was set up in response to the announcements regarding the required transition to alternative benchmark rates. This work group assessed which contracts had a reference to an IBOR, both for third-party contracts and internal contracts. IBOR references were primarily used in internal financing-related contracts. At December 31, 2021, all U.K., Swiss and Japanese IBOR references in these internal contracts were replaced by alternative benchmark rates. Other IBOR references will only be replaced once such IBORs are discontinued.

The IBOR-reform did not result in changes to the group's risk management strategy.

CURRENCY RISK SENSITIVITY

The following table details the group's sensitivity to a 1% weakening of the U.S. dollar against the euro:

	2021	2020
Revenues	(31)	(30)
Adjusted operating profit	(10)	(9)
Operating profit	(10)	(8)
Adjusted net profit	(6)	(5)
Profit for the year	(6)	(4)
Shareholders' equity at December 31	(35)	(32)
Adjusted free cash flow	(9)	(8)

SENSITIVITY ANALYSIS

A sensitivity analysis on the derivative financial instruments portfolio yields the following results, assuming an instantaneous 1% decrease of the U.S. dollar and Japanese yen against the euro from their levels at December 31, 2021, and an instantaneous 1% increase of the U.S. dollar, Japanese yen, and euro interest rates respectively:

in millions	Hedged risk	Amount	Type of instrument	Exchange rate movement €	Interest rate movement €
Cash flow hedge	Changes in ¥ floating interest payments and ¥ exchange rates	¥20,000	Cross-currency interest rate swaps	(2)	(1)
Net investment hedge	Changes of the U.S. dollar net investments due to fluctuations of U.S. dollar exchange rates	$200	Forward contracts	2	0

Note 30 – Financial Risk Management continued

INTEREST RATE RISK

The group is exposed to interest rate risk. The group aims to mitigate the impact on its results and cash flows of interest rate movements, both by arranging fixed or variable rate funding and by use of derivative financial instruments. At December 31, 2021, the group's interest rate position (excluding cash and cash equivalents and lease liabilities) was 100% (2020: 97%) carried at a fixed rate. The credit facility and the Euro Commercial Paper program have a variable interest rate.

Assuming the same mix of variable and fixed interest rate instruments, an instantaneous increase of interest rates of 1% compared to the rates on December 31, 2021, with all other variables held constant, would hardly result, on an annual basis, in an increase of net financing results (2020: €1 million).

LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to manage liquidity is to ensure, as far as possible, that it will have enough liquidity to meet its liabilities when they are due.

The group actively manages liquidity risk by maintaining enough cash and cash equivalents, and by the availability of committed borrowing capacity. To reduce liquidity risk, the group has established the following minimum requirements:

- No more than 25% of outstanding gross debt minus available cash should be repayable within a 12-month period;
- Acquiring of funding to start at least one year in advance of all maturing debt or alternative committed funding should be in place; and
- Minimum headroom of €500 million (sum of unused committed credit facilities, cash and cash equivalents, and receivable derivative financial instruments, minus other short-term debt, current deferred acquisition payables, current payable derivative financial instruments, and bank overdrafts).

Per December 31, 2021, the group has access to the unused part of the committed credit facilities of €600 million in total (2020: €600 million) and has cash and cash equivalents of €1,001 million (2020: €723 million), minus other short-term debt, current deferred acquisition payables, bank overdrafts, Euro Commercial Paper, and current payable derivative financial instruments totaling €10 million (2020: €459 million). The headroom was €1,591 million at year-end 2021 (2020: €864 million).

No assets have been collateralized or in any other way secured under debt contracts.

Exposure to liquidity risk

The following tables relate to the remaining contractual cash flows of financial liabilities at the reporting date. These tables show net cash flow amounts for derivative financial instruments that have simultaneous cash settlements. The amounts for the non-derivative financial instruments are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements. For the remaining contractual cash flows of lease liabilities, refer to *Note 20 – Leasing*.

Note 30 – Financial Risk Management continued

CONTRACTUAL CASH FLOWS 2021

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities (excl. lease liabilities)						
Bonds:						
Bonds 2008-2028	36	52	2	2	7	41
Bonds 2013-2023	699	740	20	720	–	–
Bonds 2014-2024	399	430	10	10	410	–
Bonds 2017-2027	498	547	8	8	23	508
Bonds 2020-2030	495	534	4	4	11	515
Bonds 2021-2028	498	509	1	1	4	503
Private placements:						
Private placement 2008-2038	153	237	5	5	15	212
Long- and short-term deferred and contingent acquisition payables	2	2	1	1	–	–
Other debt	10	10	–	5	5	–
Borrowings and bank overdrafts	9	9	9	–	–	–
Trade payables	123	123	123	–	–	–
Total	2,922	3,193	183	756	475	1,779
Derivative financial instruments						
(Receipts)		(175)	(175)	–	–	–
Payments		177	177	–	–	–
Foreign exchange derivatives	0	2	2	0	0	0
(Receipts)		(237)	(5)	(5)	(15)	(212)
Payments		253	8	8	23	214
Cross-currency interest rate swaps	2	16	3	3	8	2
Total	2	18	5	3	8	2

Note 30 – Financial Risk Management continued

CONTRACTUAL CASH FLOWS 2020

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities (excl. lease liabilities)						
Bonds:						
Bonds 2008-2028	36	54	2	2	7	43
Bonds 2013-2023	699	760	20	20	720	–
Bonds 2014-2024	398	440	10	10	420	–
Bonds 2017-2027	498	554	8	8	23	515
Bonds 2020-2030	495	538	4	4	11	519
Private placements:						
Private placement 2008-2038	157	250	5	5	16	224
Long- and short-term deferred and contingent acquisition payables	0	0	0	0	–	–
Other debt	9	9	–	5	4	–
Borrowings and bank overdrafts	459	459	459	–	–	–
Trade payables	133	133	133	–	–	–
Total	2,884	3,197	641	54	1,201	1,301
Derivative financial instruments						
(Receipts)		(164)	(164)	–	–	–
Payments		163	163	–	–	–
Foreign exchange derivatives	0	(1)	(1)	0	0	0
(Receipts)		(250)	(5)	(5)	(16)	(224)
Payments		260	8	8	23	221
Cross-currency interest rate swaps	8	10	3	3	7	(3)
Total	8	9	2	3	7	(3)

Note 30 – Financial Risk Management continued

CREDIT RISK

Credit risk represents the loss that would be recognized if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investments in debt securities. The carrying amount of non-derivative financial assets represents the maximum credit exposure and amounted to €2,138 million at December 31, 2021 (2020: €1,822 million).

Financial instruments and excess cash at financial institutions

The group is exposed to credit risks due to its use of derivatives and because of excess cash deposited at banks. It is the group's policy to conclude financial transactions under ISDA (International Swap Dealers Association) master agreements. Cash invested and financial transactions are only concluded with financial institutions with strong credit ratings (at least a credit rating of A-/A3). Furthermore, credit limits per counterparty are in place and are monitored periodically.

At December 31, 2021, there were no material credit risk concentrations outstanding while the average weighted credit rating of counterparties was A (2020: A+). The aim is to spread transactions among counterparties. No credit limits were materially exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties on current outstanding contracts.

Trade receivables

The group has a natural exposure to credit risk in its operational business. This exposure of the group's operating companies to credit risk is inherently limited, considering the diversified customer portfolio of the group, and since a substantial part of the transactions is prepaid by customers. The group's operating companies actively monitor the solvency of their key accounts and assess creditworthiness of customers before concluding a contract.

The group determines the impairment on trade receivables and unbilled revenues using the lifetime expected credit loss model, whereby the historical credit losses on trade receivables (a credit event) are used as a base for the future expected credit losses. The accounting policy and the assumptions are periodically evaluated by the group using macroeconomic data and historical back-testing of the assumptions.

The trade receivables that are neither past due nor impaired have sound creditworthiness and meet the credit rating grades as defined in the internal policy for assessing the impairment of financial assets.

For estimates and judgments applied in determining the loss allowance on trade receivables, refer to *Note 10 – Sales Costs*.

Note 30 – Financial Risk Management continued

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and liabilities (excluding lease liabilities), including their levels in the fair value hierarchy.

		2021					2020
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value
Non-derivative financial instruments:							
Financial assets at fair value through profit or loss	0	0			0	0	0
Unbilled revenues*	95	95				75	75
Trade receivables*	1,008	1,008				986	986
Miscellaneous receivables*	34	34				35	35
Interest receivable*	0	0				2	2
Deferred divestment consideration receivable*	–	–				1	1
Cash and cash equivalents*	1,001	1,001				723	723
Total non-derivative financial assets	2,138	2,138				1,822	1,822
Bonds 2008-2028	36	50	50			36	54
Bonds 2013-2023	699	727	727			699	748
Bonds 2014-2024	399	422	422			398	434
Bonds 2017-2027	498	529	529			498	547
Bonds 2020-2030	495	503	503			495	523
Bonds 2021-2028	498	493	493			–	–
Private placement 2008-2038	153	206		206		157	218
Long and short-term deferred and contingent acquisition payables	2	2			2	0	0
Other debt*	10	10				9	9
Borrowings and bank overdrafts*	9	9				459	459
Trade payables*	123	123				133	133
Interest payable*	34	34				35	35
Total non-derivative financial liabilities	2,956	3,108	2,724	206	2	2,919	3,160
Derivative financial instruments:							
Non-current payable	2	2		2		8	8
Total derivative financial instruments	2	2		2		8	8

* Fair value approximates the carrying amount.

Note 30 – Financial Risk Management continued

FAIR VALUE HIERARCHY

The fair value has been determined by the group based on market data and appropriate valuation methods/quotes. Valuation methods include:

- Level 1: reference to quoted prices (unadjusted) in active markets for similar assets and liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability and that may have a significant impact on the fair value, either directly (i.e., as prices) or indirectly (i.e., derived from prices) based on discounted cash flow analysis, using data input of observable financial markets and financial institutions; and
- Level 3: inputs for the asset or liability that are not based on observable market data. The valuation method can be based on discounted cash flow analysis, or other models that are substantially identical.

There has been no change in the fair value hierarchy compared to 2020.

The Level 3 fair value movements in non-derivative financial liabilities are as follows:

		2021	2020
Balance at January 1		0	11
Acquired through business combinations	*Note 8*	2	0
Settlements	*Note 8*	0	(6)
Fair value changes of contingent considerations	*Note 12*	0	(4)
Foreign exchange differences		0	(1)
Balance at December 31		2	0

DEFERRED AND CONTINGENT ACQUISITION PAYABLES

ACCOUNTING POLICIES

The contingent considerations are based on a discounted cash flow model, which considers the present value of expected payments, using a risk-adjusted discount rate. The expected payment is determined by considering possible scenarios, the amount to be paid under each scenario, and the probability of each scenario. The estimated fair value could potentially increase (or decrease) if assumptions change.

The fair value of the deferred and contingent acquisition payables balance amounted to €2 million (2020: €0 million) and can be presented as follows:

	Fair value December 31, 2021	Of which: short term	Of which: long term	Maximum exposure (undiscounted)	Fair value December 31, 2020
Total	2	1	1	2	0

Note 31 – Employee Benefits

	2021	2020
Retirement plans	28	45
Other post-employment benefit plans	52	58
Other long-term employment benefits	10	12
Total	90	115

ACCOUNTING POLICIES

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as personnel expenses in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payments is available.

Defined benefit plans

The group's net obligation in respect of defined employee benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan, or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

All remeasurement gains and losses of the net defined benefit liabilities or assets, which consist of actuarial gains and losses, return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, in the period in which they occur.

The group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset, considering any changes in the net defined benefit liability or asset during the period resulting from contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans, such as fund administration costs, are recognized in profit or loss, when incurred.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the defined benefits that relates to past service or the gain or loss on curtailment is recognized directly in profit or loss. The group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. A curtailment occurs when an entity significantly reduces the number of employees covered by a plan. Amendments to the terms of a defined benefit plan will be considered plan amendments and will be fully accounted for as past service costs. If a plan amendment, curtailment, or settlement occurs, the current service cost and the net interest for the period after the remeasurement are determined using the assumptions applied for the remeasurement.

Long-term service benefits

The group's net obligation in respect of long-term service benefits, such as jubilee benefits, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value, with the fair value of any related assets deducted.

Note 31 – Employee Benefits continued

CRITICAL ESTIMATES AND JUDGMENTS

The net plan assets or liabilities of the defined employee benefit plans and the costs related to the pension and post-retirement medical plans are based on actuarial and economic assumptions. The main economic assumptions are:
- Discount rate;
- Rate of pension increase;
- Inflation; and
- Medical trend rate.

For actuarial assumptions, the group uses generally accepted mortality rates (longevity risk). The withdrawal rates and retirement rates are based on statistics provided by the relevant entities based on past experiences.

RETIREMENT PLANS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The provisions for retirement and other post-employment plans relate to defined employee benefit plans. The group has arranged pension schemes in various countries for most of its employees in accordance with the legal requirements, customs, and local situation of the countries involved. These retirement schemes are partly managed by the group itself and partly entrusted to external entities, such as company pension funds and insurance companies. In addition, the group provides certain employees with other benefits upon retirement. These benefits include contributions towards medical health plans in the United States, where the employer refunds part of the insurance premiums for retirees, or, in the case of uninsured schemes, bears the medical expenses while deducting the participants' contributions.

CHARACTERISTICS OF MATERIAL PLANS

	The Netherlands	United States	United Kingdom
Retirement plans			
Type of benefits	Pensions	Pensions	Pensions
Type of plan	Career average	Final salary	Final salary
Status of plan	Open	Frozen	Frozen
Service costs	Yes	No	No
Status of plan funding	Funded	Funded	Funded
Other post-employment plans			
Type of benefits		Post-retirement medical plan	
Type of plan		Annual insurance premium coverage	
Status of plan		Closed	
Service costs		Yes	
Status of plan funding		Unfunded	

There are open retirement plans for new entrants in the Netherlands and Belgium. The group has closed plans in Belgium, Canada, and Australia. A closed plan means that no new members can join the pension plans. However, current participants in the plan can still accrue for future service benefits, and therefore the plan incurs service costs for the active participants.

If a plan is frozen, the plan is closed to new entrants and existing participants do not build up future service benefit accruals. The group has frozen plans in the U.S., the U.K., and Canada. These plans will have an annual service cost of zero.

Note 31 – Employee Benefits continued

In addition to the retirement plans and other post-employment plans, the group has other long-term employment benefit plans in the Netherlands, the U.S., Belgium, Germany, France, India, Poland, Japan, Mexico, Australia, and New Zealand.

RETIREMENT PLANS

The group has its largest defined benefit retirement plan in the Netherlands with defined benefit obligations of €1.3 billion as of December 31, 2021, followed by the United Kingdom and the United States with defined benefit obligations of €129 million and €92 million respectively. There are also retirement plans in Belgium, Canada, and Australia. All plans are funded schemes. The defined benefit plans in the Netherlands, the U.S., and the U.K. are insured with the company's self-administrated pension funds, which are separate legal entities with plan assets being held independently of the group.

The Netherlands

In the Netherlands, the scheme is a career average salary scheme. Members accrue a portion of their current salary at a rate calculated to enable them to reach a pension level based on their average salary. The Dutch pension plan is subject to the supervision of the Dutch Central Bank (DNB). The scheme funding level is determined by the new Financial Assessment Framework (nFTK), whereby funding liabilities are determined based on a 120-month moving average of the 20-year forward rate. Benefit reductions, if necessary, will be smoothed over time when recovery to full funding within eight years is not expected. Reductions will amount to one-eighth of the deficit at the measurement date. Indexation of pension entitlements will not be allowed at funding ratios below 110%, while full indexation will be allowed only at funding ratios higher than approximately 125% (these are year- and plan-specific).

The Dutch pension scheme has an unaudited 12-month rolling average coverage ratio of 120.2% at December 31, 2021 (2020: 106.0%). If this ratio is below 104%, a rolling eight-year recovery plan should be submitted to the DNB, on an annual basis. The pension premiums are in general based on contributions by the employer (two-thirds) and employees (one-third). The total annual pension contribution has been determined at 31.7% of base salary for 2021, of which the employer contributed the excess above the 24.0% basic premium. The pension base is capped but will be corrected for inflation annually.

United States

The U.S. retirement scheme has an annual statutory valuation which forms the basis for establishing the employer contribution each year (subject to ERISA and IRS minimums). The U.S. scheme was a final salary-based scheme, based on years of credited service, but is now a frozen plan. The pay and benefit accruals are frozen.

The plan fiduciaries of the U.S. scheme are required by law to act in the interest of the fund's beneficiaries. The fiduciary duties for the scheme are allocated between committees which are staffed by senior employees of the group. The investment committee has the primary responsibility for the investment and management of plan assets.

United Kingdom

The U.K. retirement scheme is a final salary-based scheme, but it is a frozen plan. The trustees of the pension fund are required by law to act in the interest of the fund's beneficiaries and are responsible for the investment policy regarding the assets of the fund. The board of trustees consists of an equal number of company-appointed and member-nominated directors.

The level of funding is determined by statutory triennial actuarial valuations in accordance with pension legislation. Where the scheme falls below 100% funded status, the group and the scheme trustees must agree on how the deficit is to be remedied. Pension rate increase is usually a fixed promise and is built into the funding requirement. The U.K. Pensions Regulator has significant powers and sets out in codes and guidance the parameters for scheme funding. At December 31, 2021, the future deficit contribution commitments were no longer larger than the surplus in the U.K. plan and therefore there was no additional balance sheet liability (2020: €2 million) recognized in respect of these contributions.

Note 31 – Employee Benefits continued

OTHER POST-EMPLOYMENT PLANS

Other post-employment plans exist in the United States, Canada, and Italy. These plans have no plan assets and are unfunded. The main plan is the post-employment medical plan in the U.S., which has been closed to new entrants in 2021. The group funds the U.S. post-employment medical plan obligations on a pay-as-you-go basis. If healthcare costs in the future increase more than anticipated, the actuarially determined liability – and as a result the related other post-employment benefit plan expense – could increase along with future cash outflows.

FUNDING REQUIREMENTS

Funding requirements of the plans are based on local legislation and separate actuarial valuations for which the assumptions differ from the assumptions used under IAS 19. The funding requirements are based on each pension fund's actuarial measurement framework set out in the funding policies of the individual plans.

In the Netherlands, there is no formal requirement to fund deficits of the plan by the employer.

In the United States, there are minimum contribution requirements. In case the statutory funded status falls below certain thresholds, the U.S. Pension Protection Act requires the deficit to be rectified with additional minimum employer contributions, spread over a seven-year period, to avoid restrictions on the ability to pay some accelerated benefit forms, such as lump sums. These funding levels are reassessed annually.

The trustees of the U.K. plan and the group finalized the latest triennial valuation in 2020 for funding purposes in 2021. The U.K. Pensions Regulator has the power to demand more funding and support where a pension scheme has been exposed to an unacceptable level of risk. As part of the 2017 actuarial funding valuation, the parent company issued a guarantee of £18 million, with a negative pledge issued by a Wolters Kluwer U.K. group company. Both guarantees remain effective under the new valuation. In addition, it has been agreed that there will be no planned deficit contribution until 2024, unless the coverage ratio will fall under 97%. The funding will be reassessed based on a new triennial valuation to be finalized in 2024.

RISK MANAGEMENT OF MAIN PLANS IN THE GROUP

The retirement and other post-employment plans expose the group to actuarial risks, such as longevity risks, interest rate risks, investment and market risks, and currency risks.

The group has restructured employee benefit plans in the past by moving existing and newly hired employees to defined contribution plans or by freezing the plans (either with no future service benefit accruals and/or no new participants entering the plan). These redesigns reduce or cancel future benefit accruals in the plans and consequently reduce the pace of liability growth. The group also reviews periodically its financing and investment policies (liability-driven investments) and its liability management (lump-sum offerings).

The various plans manage their balance sheet to meet their pension promise. By using asset liability management (ALM) studies, major risk sources are identified, and the impact of decisions is assessed by quantifying the potential impact on elements like future pensions, contributions, and funded ratio. These ALM studies also determine risk and return measures that consider the interests of all stakeholders. The outcome of these studies results in a risk-return trade-off, taking the duration of pension liabilities into account, which will be an integral part of the investment strategy. The investment strategy covers the allocation of asset classes and hedging strategies, and also decisions on new and alternative asset classes, passive versus active investments, leverage, and the use of derivatives.

ACTUARIAL ASSUMPTIONS FOR RETIREMENT AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The discount rate is the yield rate at the end of the reporting period on high-quality corporate bonds that have maturity dates approximating the terms of the group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by qualified actuaries.

Note 31 – Employee Benefits continued

The following weighted average principal actuarial assumptions were used to determine the pension expense and other post-employment plans' expense for the year under review, and defined benefit obligations at the end of the reporting period:

in %	2021	2020
Retirement plans		
Discount rate to discount the obligations at year end	1.3	0.8
Discount rate for pension expense	0.8	1.3
Expected rate of pension increases (in payment) at year end	2.2	1.5
Expected rate of pension increases (in deferral) at year end	2.2	1.4
Expected rate of inflation increase for pension expense	2.2	1.9
Other post-employment benefit plans		
Discount rate to discount the obligations at year end	2.1	1.6
Discount rate for pension expense	1.6	2.4
Medical cost trend rate	3.0	3.0

For most of the retirement and other post-employment schemes, the discount rate is determined or validated using a general accepted methodology in selecting corporate bonds by the group advisory actuary. For the U.S. plans, the discount rate is based on the yield curve/cash flow matching approach which uses spot yields from the standard FTSE and the timing of the cash flows of the plan.

Mortality assumptions for the most important plans are based on the following retirement mortality tables:

- The Netherlands: AG projection table 2020, including fund specific 2019 experience loading (2020: AG projection table 2020, including fund-specific 2019 experience loading);
- U.S.: Pri-2012 Mortality Table with MP 2021 projections, being the current standard mortality table (2020: Pri-2012 Mortality Table with MP 2020 projections); and
- U.K.: SAPS S3 (Year of Birth) CMI 2019 projections with 1.25% long-term improvement rate (2020: SAPS S3 (Year of Birth) – CMI 2019 projections with 1.25% long-term improvement rate).

Assumptions regarding future mortality experience are set based on actuarial advice and best estimate mortality tables in the applicable countries.

The current life expectancies underlying the value of the defined benefit retirement obligations at December 31, 2021, are as follows:

in years	The Netherlands	United States	United Kingdom
Life expectancy at age of 65 now – Male	21.6	20.5	22.2
Life expectancy at age of 65 now – Female	24.0	22.5	23.9
Life expectancy aged 65 in 20 years – Male	23.5	22.7	23.2
Life expectancy aged 65 in 20 years – Female	25.8	25.0	25.2

Given the nature of the defined benefit obligations in Belgium, Italy, and Australia, with lump-sum benefit payments at retirement date instead of annuity payments, the impact of changing life expectancy after the retirement age on the plan liabilities is limited in these countries.

Note 31 – Employee Benefits continued

SENSITIVITY RETIREMENT PLANS

in millions of euros		Gross service cost		Defined benefit obligations
2021 Baseline		23		1,645
Change compared to baseline	Decrease of assumption	Increase of assumption	Decrease of assumption	Increase of assumption
Discount rate (change by 1%)	9	(6)	349	(266)
Pension increase rate (change by 0.5%)	(3)	3	(126)	143
Inflation increase rate (change by 0.5%)	(3)	4	(132)	150
Mortality table (change by one year)	–	1	–	74

Gross service cost represents the annual accrual of liability due to another year of service, excluding any interest or offsetting employee contributions, and therefore differs from the current service cost included in the calculation of the pension expense.

SENSITIVITY OF THE DEFINED BENEFIT OBLIGATIONS (DBO) OF RETIREMENT PLANS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE DEFINED BENEFIT EXPENSE OF THE RETIREMENT PLANS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (P&L)

	The Netherlands		United States		United Kingdom	
	DBO	P&L	DBO	P&L	DBO	P&L
Discount rate sensitivity	✓	✓	✓	–	✓	–
Pension increase sensitivity	✓	✓	–	–	✓	–
Inflation rate sensitivity	✓	✓	–	–	✓	–
Mortality sensitivity	✓	✓	✓	–	✓	–

Pension rate increases are only applicable for the plans in the Netherlands and the United Kingdom. Pension increases in the Netherlands are related to price inflation. However, these increases are conditional and depend on the funding position of the Dutch pension fund. Pension increases are therefore capped. The pension increase assumption is based on the liability ceiling approach and determined as the rate of increase such that the present value of vested benefits, including the assumed rate of pension increases, is not greater than the fair value of plan assets. For 2021, this resulted in a Dutch pension increase assumption of 2.11% compared to 1.36% at year-end 2020.

Since the retirement plans in the United States and the United Kingdom are frozen, the service cost is zero and not sensitive for changes in discount rate, pension increases, inflation, or longevity.

SENSITIVITY OF OTHER POST-EMPLOYMENT PLANS

in millions of euros	Gross service costs	Defined benefit obligations
2021 Baseline	1	52
Change compared to baseline		
Discount rate (by -1%)	0	6
Discount rate (by +1%)	0	(5)

The actual medical cost trend rate in the United States exceeds the applied medical cost trend rate for its main medical plan, which is capped at 3% (2020: 3%) according to the plan rules. The main U.S. medical plan is therefore hardly sensitive to medical cost increases.

Note 31 – Employee Benefits continued

PLAN LIABILITIES AND PLAN ASSETS

	Defined benefit retirement plans		Other post-employment plans	
	2021	2020	2021	2020
Plan liabilities				
Fair value at January 1	1,652	1,565	58	61
Settlements	(23)	–	(4)	–
Employer service cost	19	16	1	1
Interest expense on defined benefit obligations	14	20	1	1
Administration costs and taxes	2	2	–	–
Benefits paid by fund	(52)	(52)	–	–
Benefits paid by employer	–	–	(3)	(3)
Remeasurement (gains)/losses	24	122	(4)	1
Divestments of operations	–	(5)	–	–
Contributions by plan participants	3	3	–	–
Plan amendments and curtailments	(11)	(2)	0	0
Foreign exchange differences	17	(17)	3	(3)
Fair value at December 31	1,645	1,652	52	58
Plan assets				
Fair value at January 1	1,621	1,533	0	0
Settlements	(23)	–	(4)	–
Interest income on plan assets	14	19	–	–
Return on plan assets greater than discount rate	45	122	–	–
Benefits paid by fund	(52)	(52)	(3)	(3)
Contributions by employer	14	18	7	3
Contributions by plan participants	3	3	–	–
Divestments of operations	–	(4)	–	–
Foreign exchange differences	19	(18)	–	–
Fair value at December 31	1,641	1,621	0	0
Funded status				
Deficit/(surplus) at December 31	4	31	52	58
Irrecoverable surplus	24	14	–	–
Net liability at December 31	28	45	52	58

Note 31 – Employee Benefits continued

		Defined benefit retirement plans		Other post-employment plans	
		2021	2020	2021	2020
Pension expenses					
Employer service cost		19	16	1	1
Settlement gain		0	–	0	–
Past service costs – plan amendment		(11)	0	0	0
Past service costs – curtailment		0	(2)	–	–
Interest expense on irrecoverable surplus		0	0	–	–
Interest expense on defined benefit obligations		14	20	1	1
Interest income on plan assets		(14)	(19)	–	–
Administration costs and taxes		2	2	–	–
Total pension expense		10	17	2	2
Of which is included in:					
Personnel expenses	*Note 13*	10	16	1	1
Other finance (income)/costs	*Note 15*	0	1	1	1

In 2021, there was an asset ceiling in the U.K. pension plan of €24 million (2020: €12 million). The surplus is not recognized as a pension asset as there is no unconditional right to a refund of this surplus from the U.K. scheme. The U.K. pension fund has no liability in respect of minimum funding requirements (2020: €2 million).

Plan amendments/curtailments/settlements

In 2021, there was one plan amendment gain (2020: €2 million curtailment gains). The Dutch pension fund will decrease the accrual rate as of January 1, 2022, from 1.875% to 1.58%. The 2021 decision on the lower accrual rate resulted in a plan amendment gain of €11 million on the defined benefit obligations.

In May 2021, there was a retiree life insurance buyout of the U.S. other post-retirement benefit plan. As a result, the plan has been remeasured which resulted in a small gain following the settlement of the defined benefit obligations and the associated payments of €4 million each.

In October 2021, there was a small plan amendment loss following the extension of the participation in the executive retiree medical plan to Nancy McKinstry upon her retirement.

In November 2021, the group announced the annuity buyout of the defined benefit obligations in the Canadian pension fund. The Canadian pension and flex plans will wind up as of April 30, 2022 and a small curtailment gain was realized from the earnings freeze upon wind-up of the plan. The annuity buyout resulted in settlement reductions of the defined benefit obligations and plan assets by €23 million.

Employer contributions

The group's employer contributions to be paid to the defined benefit retirement plans in 2022 are estimated at €12 million (2021: actual employer contributions of €14 million).

Note 31 – Employee Benefits continued

REMEASUREMENTS

The pre-tax cumulative amount of remeasurement gains/losses recognized in the consolidated statement of comprehensive income is as follows:

	2021	2020
Position at January 1	(154)	(154)
Recognized in other comprehensive income	16	0
Cumulative amount at December 31	(138)	(154)

REMEASUREMENT GAINS/(LOSSES) FOR THE YEAR

	2021	2020
Remeasurement gains due to experience adjustments	24	12
Remeasurement gains/(losses) due to changes in demographic assumptions	(2)	30
Remeasurement losses due to changes in financial assumptions	(42)	(166)
Remeasurement losses on defined benefit obligations	(20)	(124)
Return on plan assets greater than discount rate	45	122
Change in irrecoverable surplus, other than interest and foreign exchange differences	(9)	2
Recognized remeasurement gains on defined benefit plans in other comprehensive income	16	0

Experience adjustments result from changes, such as changes in plan populations, data corrections, and differences in cash flows.

Changes in demographic assumptions relate to differences between the current and previous actuarial assumptions in mortality tables, rate of employee turnover, disability, and early retirement.

Changes in financial assumptions relate to differences between the current and previous actuarial assumptions, such as discount rate, pension rate increase, price increases, and future salary and benefit levels.

In 2021, the overall remeasurement losses were mainly due to the increase in the pension increase assumption in the Dutch pension fund for active and inactive participants, partly offset by financial assumption gains in all retirement plans following the increase in discount rates compared to the prior year, and experience gains.

The actual consolidated return on plan assets for the year ended December 31, 2021, was a gain of €59 million (2020: gain of €141 million).

Note 31 – Employee Benefits continued

DURATION

Duration is an indicator of the plan liabilities' sensitivity for changes in interest rates. The liability-weighted duration for the defined benefit plan liabilities at year end is as follows:

number of years	2021	2020
Retirement plans		
The Netherlands	19.0	19.1
United Kingdom	15.2	15.6
United States	12.0	12.4
Other post-employment plans		
United States	9.2	9.4

INVESTMENT MIX

The breakdown of plan assets as of December 31 is as follows:

	2021	Quoted	Unquoted	2020	Quoted	Unquoted
Equity						
Equity	494	494	–	424	424	–
Private equity	3	–	3	3	–	3
Bonds						
Government bonds	435	435	–	532	532	–
Corporate bonds	348	348	–	425	424	1
Asset-backed securities	108	108	–	–	–	–
Other						
Insurance contracts	67	–	67	70	–	70
Real estate	108	56	52	87	42	45
Derivatives and other securities	28	28	–	52	52	–
Cash	50	50	–	28	28	–
Total	1,641	1,519	122	1,621	1,502	119

At December 31, 2021, 93% of the plan assets relate to quoted financial instruments (2020: 93%). Plan assets do not include any direct investments in the group or financial instruments issued by the group, nor do they include any property or other assets used by the group. However, pension plans invest in index funds and as a result these plans may indirectly hold financial instruments issued by the group.

PROPORTION OF PLAN ASSETS

in %	2021	2020
Equity	30	26
Bonds	55	59
Other	15	15
Total	100	100

Note 32 – Provisions

	2021	2020
Provision for restructuring commitments	12	39
Provision for acquisition integration	0	1
Restructuring provisions	12	40
Legal provisions	16	7
Other provisions	6	5
Total	34	52
Of which short term	27	48

ACCOUNTING POLICIES

A provision is recognized when: the group has a present legal or constructive obligation because of a past event; it is probable that an outflow of resources in the form of economic benefits will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

Restructuring provision

The provisions for restructuring include liabilities arising from changes in the organizational structure, integration of activities, expected redundancy payments, and onerous contracts. A provision for restructuring is recognized only when the general recognition criteria are met. Redundancy payments are recognized as an expense when the group is demonstrably committed – without realistic possibility of withdrawal – to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Acquisition integration provision

The acquisition integration provisions relate to non-recurring expenses to be incurred for the integration of activities acquired through business combinations, and mainly consists of expected redundancy payments, IT migration costs, and onerous contracts.

Legal provisions

For legal and judicial proceedings against the company and its operating entities, a legal provision is recognized only if an adverse outcome is probable and the amount of the loss can be reliably estimated. If one of these conditions is not met, the proceeding or claim is disclosed as a contingent liability, if material.

Other provisions

Other provisions primarily include provisions for dilapidation commitments on real estate.

ESTIMATES AND JUDGMENTS

Legal provisions

The group is involved in legal and judicial proceedings in the ordinary course of business. Provisions and contingencies relating to these matters are periodically assessed based on the latest information available, usually after consultation and with the assistance of lawyers and other specialists.

The actual outcome of a proceeding or claim may differ from the estimated liability and consequently may affect the actual result. The prediction of the outcome and the assessment of a possible loss by management are based on management's judgments and estimates.

Refer to *Note 37 – Commitments, Contingent Assets, and Contingent Liabilities.*

Note 32 – Provisions continued

MOVEMENTS IN PROVISIONS

		Restructuring provisions	Legal provisions	Other provisions	2021	2020
Non-current provisions at January 1		1	1	2	4	5
Add: short-term provisions		39	6	3	48	24
Total provisions at January 1		40	7	5	52	29
Movements						
Additions for restructuring of stranded costs	*Note 8*	2	–	–	2	4
Additions for acquisition integration	*Note 12*	4	–	–	4	2
Other additions		3	8	1	12	43
Total additions		9	8	1	18	49
Appropriation of provisions		(34)	(1)	(1)	(36)	(19)
Release of provisions		(2)	(1)	0	(3)	(7)
Transfer to liabilities classified as held for sale	*Note 9*	(1)	–	0	(1)	–
Exchange differences and other movements		0	3	1	4	0
Total movements		(28)	9	1	(18)	23
Total provisions at December 31		12	16	6	34	52
Less: short-term provisions		(11)	(14)	(2)	(27)	(48)
Non-current provisions at December 31		1	2	4	7	4

Other additions to the restructuring provision of €3 million mainly relate to restructuring programs announced in Tax & Accounting and Legal & Regulatory.

Note 33 – Capital and Reserves

SHARE CAPITAL AND NUMBER OF SHARES

The authorized share capital amounts to €143.04 million, consisting of €71.52 million in ordinary shares (596 million of ordinary shares with a nominal value of €0.12 per ordinary share) and €71.52 million in preference shares (596 million of preference shares with a nominal value of €0.12 per preference share).

ORDINARY SHARES

The issued share capital consists of ordinary shares.

On September 10, 2021, the company completed the reduction in ordinary share capital approved by shareholders at the Annual General Meeting of Shareholders held on April 22, 2021. In 2021, the company canceled 5,000,000 ordinary shares previously held as treasury shares (2020: 5,500,000 ordinary shares were canceled). Consequently, in 2021, the total number of issued ordinary shares is reduced to 262,516,153, with a nominal value of €32 million (2020: 267,516,153 shares, with a nominal value of €32 million).

Shares repurchased by the company are added to and held as treasury shares. Part of these treasury shares is retained and used to meet future obligations under share-based incentive schemes. At December 31, 2021, share buybacks have not yet been executed for an amount of €50 million under the existing mandate.

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity, net of any tax effects.

PREFERENCE SHARES

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. There are no preference shares issued.

REPURCHASE AND REISSUE OF SHARE CAPITAL (TREASURY SHARES)

When share capital recognized as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.

For a reconciliation of the weighted-average number of shares and earnings per share, see *Note 7 – Earnings per Share.*

NUMBER OF SHARES

	Number of ordinary shares		Minus: number of treasury shares		Total number of ordinary shares outstanding	
in thousands of shares, unless otherwise stated	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
At January 1	267,516	273,016	(5,072)	(6,361)	262,444	266,655
Cancelation of shares	(5,000)	(5,500)	5,000	5,500	0	0
Repurchased shares	–	–	(4,957)	(5,116)	(4,957)	(5,116)
Long-Term Incentive Plan	–	–	705	905	705	905
At December 31	262,516	267,516	(4,324)	(5,072)	258,192	262,444
Issued share capital at €0.12 (€'000)	31,502	32,102				
Proposed dividend per share (€)					1.57	1.36
Proposed dividend distribution (€'000)					405,362	356,924

Note 33 – Capital and Reserves continued

TREASURY SHARES

Treasury shares are measured at cost, representing the market price on the acquisition date. This reserve is not available for distribution. Treasury shares are deducted from retained earnings. The group will offset the dilution of its performance share issuance annually via share repurchases.

In 2021, the group executed a share buyback of €410 million (2020: €350 million), originally consisting of a share buyback of €350 million and subsequently expanded to €410 million following the divestiture of the U.S. legal education business in Wolters Kluwer Legal & Regulatory. The group repurchased 5.0 million (2020: 5.1 million) of ordinary shares under this program at an average stock price of €82.62 (2020: €68.41). In 2021, the group used 0.7 million shares held in treasury for the vesting of the LTIP grant 2018-20.

LEGAL RESERVE PARTICIPATIONS

Legal reserve participations contain appropriations of profits of group companies, which are allocated to a legal reserve based on statutory and/or legal requirements. The legal reserve is not available for distribution.

HEDGE RESERVE

Hedge reserve relates to the effective portion of the changes in fair value of the hedging instruments used for cash flow hedging and net investment hedging purposes. The hedge reserve is a legal reserve and not available for distribution.

TRANSLATION RESERVE

Translation reserve contains foreign exchange differences arising from the translation of the net investments in foreign operations. When a foreign operation is sold, accumulated exchange differences that were recognized in equity prior to the sale are reclassified from equity to profit or loss as part of the gain or loss on divestment. The translation reserve is a legal reserve and is not available for distribution.

DIVIDENDS

Dividends are recognized as a liability upon being declared. Pursuant to Article 29 of the Articles of Association, and with the approval of the Supervisory Board, a proposal will be submitted to the Annual General Meeting of Shareholders to make a total distribution of €1.57 per share over financial year 2021 (dividend over financial year 2020: €1.36 per share).

The group applies a semi-annual dividend frequency. On February 21, 2021, the Supervisory Board and the Executive Board resolved to distribute an interim dividend of €0.54 per share, equal to 40% of prior year's dividend (2020 interim dividend: 40% of prior year's dividend). The interim dividend was paid on September 23, 2021. Subject to the approval of the Annual General Meeting of Shareholders, a final dividend of €1.03 per ordinary share will be paid in cash on May 18, 2022. Refer also to *Note 50 – Profit Appropriation.*

The group has a progressive dividend policy under which it expects to increase the total dividend per share each year.

Dividend distributions

	2021	**2020**	**2019**
Originally proposed	405	357	315
Actual payments:			
Interim dividend	140	124	105
Final dividend		232	210
Total dividend distribution		356	315

Note 33 – Capital and Reserves continued

FREE DISTRIBUTABLE RESERVES

The share premium reserve, retained earnings, and undistributed profit for the year are available for dividend distribution.

OPTION PREFERENCE SHARES

The company has granted an option to purchase preference shares to the Wolters Kluwer Preference Shares Foundation (Stichting Preferente Aandelen Wolters Kluwer). The dividend on these shares would equal a normal market rate of return, based on a weighted average interest rate applied by the European Central Bank. Therefore, the fair value of the option is deemed to be zero.

SHAREHOLDER'S EQUITY MOVEMENT SCHEDULE

For the equity movement schedule, refer to *Note 47 – Shareholders' Equity.*

Note 34 – Share-based Payments

ACCOUNTING POLICIES

The Long-Term Incentive Plan (LTIP) qualifies as an equity-settled share-based payments transaction. Executive Board members and senior management are awarded shares under the LTIP with performance conditions based on Diluted Earnings per Share (EPS) at constant currencies and Total Shareholder Return (TSR) for the LTIP awards 2019-21 and 2020-22. For the LTIP 2021-23 award, the diluted EPS performance measure has been replaced by diluted adjusted EPS, and a new performance measure of Return on Invested Capital (ROIC) has been introduced.

The fair value of shares awarded is recognized as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the shares. The amount recognized as an expense is adjusted for the actual forfeitures due to participants' resignations before the vesting date.

TSR-condition

The fair value of the shares based on the TSR performance condition, a market condition under IFRS 2 – Share-based Payment, is measured using a Monte Carlo simulation model, considering the terms and conditions upon which the shares were awarded.

(Adjusted) EPS-condition and ROIC-condition

The fair values of the shares based on the non-market performance conditions of (adjusted) EPS and ROIC are equal to the opening share price of the Wolters Kluwer shares of the year of the grant, adjusted by the present value of the future dividend payments during the three-year performance period.

The amount recognized as an expense in each year is adjusted to reflect the number of share awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date.

LONG-TERM INCENTIVE PLAN

General

For the Executive Board, the LTIP 2019-21 and 2020-22 awards depend partially on the TSR performance (50% of the value of the conditionally awarded rights on shares) and partially on the EPS performance (50% of the value of the conditionally awarded rights on shares). For senior management, the LTIP 2019-21 and 2020-22 awards depend partially on the TSR performance (50% of the conditionally awarded rights on shares) and partially on the EPS performance (50% of the conditionally awarded rights on shares).

The LTIP 2021-23 award is based on the TSR performance (weighting of 50%), diluted adjusted EPS performance (weighting at 30%), and ROIC performance (weighting of 20%). The TSR-related LTIP awards for the Executive Board and senior management are based on the same payout schedules.

Note 34 – Share-based Payments continued

In 2021, €24 million has been recognized within personnel expenses in profit or loss (2020: €24 million) related to the total cost of the LTIP grants for 2019-21, 2020-22, and 2021-23. Refer to *Note 13 – Personnel Expenses*.

Conditionally awarded TSR-related LTIP shares

For the conditional TSR awards that were awarded up to and including 2021, the payout of shares after three years fully depends on the group's TSR relative to a pre-defined group of 15 peer companies. Vesting of these conditional grants is subject to the condition that the participant stays with the group until the plan's maturity. The performance period of the LTIP is three years, at the beginning of which a base number of shares (norm payout) is conditionally awarded to each beneficiary.

The expense of the TSR-related LTIP is recognized ratably in profit or loss over the performance period. Actual awards at the end of the performance period will range from 0% to 150% of the norm payout.

There will be no payout for the Executive Board and senior management if the group ends below the eighth position in the TSR ranking, while other payouts will be made as follows: 150% for first or second position, 125% for third or fourth position, 100% for fifth or sixth position, and 75% for seventh or eighth position.

Conditionally awarded (adjusted) EPS- and ROIC-related LTIP shares

The amount recognized as an expense in a year is adjusted to reflect the number of share awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date. For the (adjusted) EPS and ROIC-related shares, there will be no payout if the performance over three years is less than 50% of the target. In case of overachievement of the target, the Executive Board members and senior management can earn up to a maximum of 150% of the conditionally awarded shares.

KEY ASSUMPTIONS TO THE TSR SHARES

The fair value of TSR shares is calculated at the grant date using a Monte Carlo simulation model. For the TSR shares granted in the LTIP 2021-23, the fair value is estimated to be €47.03 as of January 1, 2021. The inputs to the valuation were the Wolters Kluwer share price of €69.06 on the grant date (January 1, 2021) and an expected volatility of 21.8% based on historical daily prices over the three years prior to January 1, 2021. Dividends are assumed to increase annually (from the 2020 dividend) based on historical trend and management plans. The model assumes a contractual life of three years and uses the risk-free rate on Dutch three-year government bonds.

Fair value summary of conditionally awarded LTIP shares

The fair value of each conditionally awarded share under the running LTIP grants for the Executive Board and senior management of the group, as determined by an external consulting firm, is as follows:

in euros	Fair value of Adjusted EPS and ROIC shares at grant date	Fair value EPS shares at grant date	Fair value TSR shares at grant date
LTIP 2021-23	64.06	–	47.03
LTIP 2020-22	–	60.68	40.85
LTIP 2019-21	–	48.18	35.12

The fair values of the conditionally awarded shares under the LTIP 2021-23 grants increased compared to the prior year plan, mainly because of the higher share price of Wolters Kluwer at January 1, 2021, compared to January 1, 2020.

Note 34 – Share-based Payments continued

LTIP 2018-20

The LTIP 2018-20 vested on December 31, 2020. On Total Shareholder Return (TSR), Wolters Kluwer ranked fourth relative to the peer group of 15 companies, resulting in a payout of 125% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 135%.

A total of 705,214 shares were released on February 25, 2021. At that date, the volume-weighted average price of Wolters Kluwer N.V. was €64.9899.

LTIP 2018-20: NUMBER OF SHARES VESTED AND THE CASH EQUIVALENT THEREOF

number of shares, unless otherwise stated	Outstanding at December 31, 2020	Increase in conditional number of TSR shares (25%)	Increase in conditional number of EPS shares (35%)	Payout/ vested shares February 25, 2021	Cash value vested shares*
Executive Board	142,306	20,485	21,128	183,919	11,953
Senior management	400,962	50,148	70,185	521,295	33,879
Total	543,268	70,633	91,313	705,214	45,832

* Cash value in thousands of euros; calculated as the number of shares vested multiplied by the volume average price on February 25, 2021.

LTIP 2019-21

The LTIP 2019-21 vested on December 31, 2021. On Total Shareholder Return (TSR), Wolters Kluwer ranked fourth relative to its peer group of 15 companies, resulting in a payout of 125% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 150%. The shares will be released on February 24, 2022. The volume weighted average price for the shares released will be based on the average exchange price of the shares traded on Euronext Amsterdam N.V. on February 24, 2022, the first day following the company's publication of its annual results.

NUMBER OF PERFORMANCE SHARES OUTSTANDING

LTIP 2019-21

number of shares	Total	EPS-condition	TSR-condition
Conditionally awarded grant 2019	563,283	272,172	291,111
Forfeited in previous years	(36,121)	(18,060)	(18,061)
Shares outstanding at January 1, 2021	527,162	254,112	273,050
Forfeited during the year	(52,462)	(26,231)	(26,231)
Effect of 125% vesting based on TSR-ranking	61,725	–	61,725
Effect of 150% vesting based on EPS-ranking	114,015	114,015	–
Vested at December 31, 2021	650,440	341,896	308,544

LTIP 2020-22

base number of shares at 100% payout	Total	EPS-condition	TSR-condition
Conditionally awarded grant 2020	448,223	213,365	234,858
Forfeited in previous years	(4,733)	(2,367)	(2,366)
Shares outstanding at January 1, 2021	443,490	210,998	232,492
Forfeited during the year	(43,880)	(21,941)	(21,939)
Shares outstanding at December 31, 2021	399,610	189,057	210,553

Note 34 – Share-based Payments continued

LTIP 2021-23

base number of shares at 100% payout	Total	Adjusted EPS-condition	ROIC-condition	TSR-condition
Conditionally awarded grant 2021	456,649	132,695	88,463	235,491
Forfeited during the year	(26,245)	(7,874)	(5,249)	(13,122)
Shares outstanding at December 31, 2021	430,404	124,821	83,214	222,369

OVERVIEW OF OUTSTANDING PERFORMANCE SHARES: LTIP 2020-22 AND LTIP 2021-23

base numbers of shares at 100% payout	LTIP 2020-22	LTIP 2021-23	Total
Conditionally awarded grant 2020	448,223	–	448,223
Forfeited in previous years	(4,733)	–	(4,733)
Shares outstanding at January 1, 2021	443,490	0	443,490
Conditionally awarded grant 2021	–	456,649	456,649
Forfeited during the year	(43,880)	(26,245)	(70,125)
Shares outstanding at December 31, 2021	399,610	430,404	830,014

Note 35 – Related Party Transactions

The company has a related party relationship with its subsidiaries, equity-accounted investees, the pension funds, and members of the Supervisory Board and the Executive Board.

Wolters Kluwer N.V. has filed a list of the subsidiaries at the Dutch Commercial Register in The Hague, the Netherlands. Related party transactions are conducted at arm's length with terms comparable to transactions with third parties.

For transactions with key management, refer to *Note 38 – Remuneration of the Executive Board and the Supervisory Board* and the *Remuneration Report.*

The group has no significant transactions or outstanding balances with its equity-accounted investees other than its equity-interest holdings.

Note 36 – Audit Fees

With reference to Section 2:382a (1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. to the company, its subsidiaries, and other consolidated entities. Deloitte is not involved in most of the statutory audits of operating companies that are outside the scope of the group audit.

AUDIT FEES 2021

	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audit of annual accounts	1.0	2.0	3.0
Other assurance services	0.1	0.0	0.1
Tax advisory services	–	0.0	0.0
Other non-audit services	0.0	0.2	0.2
Total	1.1	2.2	3.3

Note 36 – Audit Fees continued

AUDIT FEES 2020

	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audit of annual accounts	0.9	2.0	2.9
Other assurance services	0.1	0.1	0.2
Tax advisory services	–	0.0	0.0
Other non-audit services	–	–	0.0
Total	1.0	2.1	3.1

The audit fees for 2021 and 2020 include final invoicing with respect to the statutory audits of 2020 and 2019, respectively.

Note 37 – Commitments, Contingent Assets, and Contingent Liabilities

GUARANTEES

The group has the following outstanding guarantees at December 31:

		2021	2020
Parental performance guarantees to third parties		12	12
Guarantee to the trustees of the U.K. retirement plan	*Note 31*	21	20
Other guarantees (mainly real estate)		12	19
Drawn bank credit facilities		1	1
Royalty guarantees to health societies		4	3
Total		50	55

At December 31, 2021, the total guarantees issued for bank credit facilities on behalf of several subsidiaries amounted to €113 million (2020: €101 million), of which €112 million was not utilized (2020: €100 million).

CONTINGENT ASSETS

A part of the 2020 divestment-related consideration is contingent on future events. The related contingent asset amounted to a maximum of €3 million in total at December 31, 2021 (2020: €3 million).

LEGAL AND JUDICIAL PROCEEDINGS

The group is involved in legal and judicial proceedings in the ordinary course of business. Provisions and contingencies relating to these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists. While it is not practically possible to estimate the success-rate of claims against the group, the group has a policy to insure the operating units against such claims.

OTHER COMMITMENTS

For any commitments with respect to the group's share buybacks, refer to *Note 33 – Capital and Reserves*.

Note 38 – Remuneration of the Executive Board and the Supervisory Board

REMUNERATION EXECUTIVE BOARD

The table below provides the total compensation of the Executive Board recognized in the consolidated statement of profit or loss:

in thousands of euros		2021		2020
Fixed compensation:				
Salary	2,042		2,073	
Social security	44		44	
Defined contribution plan	157		121	
Other benefits	775		357	
Total fixed compensation		3,018		2,595
Variable compensation:				
STIP	2,853		2,406	
LTIP*	6,345		5,926	
Total variable compensation		9,198		8,332
Sub-total fixed and variable compensation		12,216		10,927
Tax-related costs		565		717
Total remuneration Executive Board		12,781		11,644

* LTIP share-based payments are based on IFRS accounting policies and therefore do not reflect the actual payout or value of performance shares released upon vesting.

SHARES OWNED BY EXECUTIVE BOARD MEMBERS

At December 31, 2021, the Executive Board jointly held 412,167 shares of the company (2020: 498,767 shares).

REMUNERATION SUPERVISORY BOARD

The total remuneration of the Supervisory Board members was €678 thousand in 2021 (2020: €673 thousand).

SHARES OWNED BY SUPERVISORY BOARD MEMBERS

At December 31, 2021, Mrs. A.E. Ziegler held 1,894 American Depositary Receipts of shares of the company (2020: none of the members owned shares).

For further details, refer to the *Remuneration Report*.

Note 39 – Overview of Significant Subsidiaries

Below is a list of significant subsidiaries at December 31, 2021, in alphabetical order (legal entity name and the division it belongs to). The group has a 100% interest in all these subsidiaries.

AUSTRALIA
- Wolters Kluwer Australia Pty Limited (Tax & Accounting)

BELGIUM
- Wolters Kluwer Belgium NV (Tax & Accounting and Legal & Regulatory)
- Wolters Kluwer Financial Services Belgium NV (Governance, Risk & Compliance)

CANADA
- Wolters Kluwer Canada Limited (Tax & Accounting)

FRANCE
- Enablon S.A.S. (Legal & Regulatory)
- Holding Wolters Kluwer France S.A.S. (Legal & Regulatory)
- Wolters Kluwer France S.A.S. (Legal & Regulatory)

GERMANY
- Wolters Kluwer Deutschland GmbH (Legal & Regulatory)
- Wolters Kluwer Software und Service GmbH (Tax & Accounting)

IRELAND
- Wolters Kluwer Finance Ireland DAC (Corporate Office)
- Wolters Kluwer Ireland Holding Limited (Corporate Office)

ITALY
- Tagetik Software S.r.l. (Tax & Accounting)
- Wolters Kluwer Italia S.r.l. (Tax & Accounting and Legal & Regulatory)

LUXEMBOURG
- Wolters Kluwer Financial Services Luxembourg S.A. (Governance, Risk & Compliance)

POLAND
- Wolters Kluwer Polska SP. z o.o. (Legal & Regulatory)

SPAIN
- Wolters Kluwer Tax and Accounting España, S.L. (Tax & Accounting)

THE NETHERLANDS
- eVision Industry Software B.V. (Legal & Regulatory)
- Wolters Kluwer Global Business Services B.V. (Global Business Services)
- Wolters Kluwer Holding Nederland B.V. (Legal & Regulatory)
- Wolters Kluwer International Holding B.V. (Corporate Office)
- Wolters Kluwer Nederland B.V. (Legal & Regulatory)
- Wolters Kluwer Technology B.V. (Digital eXperience Group)
- Wolters Kluwer USA Holding B.V. (Corporate Office)

UNITED KINGDOM
- Wolters Kluwer Holdings (UK) PLC (Tax & Accounting)
- Wolters Kluwer (UK) Limited (Tax & Accounting)

UNITED STATES
- CCH Incorporated (Tax & Accounting and Legal & Regulatory)
- C T Corporation System (Governance, Risk & Compliance)
- Emmi Solutions, LLC (Health)
- eOriginal, Inc. (Governance, Risk & Compliance)
- Health Language, Inc. (Health)
- National Registered Agents, Inc. (Governance, Risk & Compliance)
- Ovid Technologies, Inc. (Health)
- Universal Tax Systems, Inc. (Tax & Accounting)
- UpToDate, Inc. (Health)
- Wolters Kluwer DXG U.S., Inc. (Digital eXperience Group)
- Wolters Kluwer ELM Solutions, Inc. (Governance, Risk & Compliance)
- Wolters Kluwer Financial Services, Inc. (Tax & Accounting and Governance, Risk & Compliance)
- Wolters Kluwer Health, Inc. (Health)
- Wolters Kluwer North America, Inc. (Corporate Office)
- Wolters Kluwer R&D U.S. LP (Digital eXperience Group)
- Wolters Kluwer United States Inc. (Global Business Services and Corporate Office)
- Wolters Kluwer U.S. Corporation (Corporate Office)

Note 39 – Overview of Significant Subsidiaries continued

In addition to these significant subsidiaries, the group has other consolidated entities in the countries listed, and also in the following countries: Austria, Brazil, China, Czech Republic, Denmark, Hong Kong, Hungary, India, Indonesia, Japan, Malaysia, Mexico, New Zealand, Norway, Portugal, Qatar, Romania, Russia, Singapore, Slovakia, South Africa, South Korea, Sweden, Switzerland, and Ukraine.

The group also has branches in Finland, Saudi Arabia, Taiwan, Thailand, and United Arab Emirates.

Apart from certain cash restrictions, (refer to *Note 27 – Cash and Cash Equivalents),* there are no significant restrictions on the group's ability to access or use assets, or to settle liabilities within these subsidiaries. There are no interests in consolidated structured entities.

Refer to *Note 8 – Acquisitions and Divestments* for the consequences of losing control of subsidiaries during 2021 and 2020.

The financial statements of the parent and the subsidiaries used in the preparation of the consolidated financial statements have the same reporting date.

Note 40 – Events after Balance Sheet Date

Subsequent events were evaluated up to February 22, 2022, which is the date the consolidated financial statements were authorized for issuance by the Executive Board and the Supervisory Board. There are no events to report.

Company Financial Statements

Notes to the Company Financial Statements

Company Financial Statements

Statement of Profit or Loss of Wolters Kluwer N.V.

in millions of euros, for the year ended December 31			**2021**		**2020**
General and administrative (costs)/income			61		78
Operating profit			61		78
Financing income third parties		3		8	
Financing income related parties		2		5	
Financing costs third parties		(75)		(52)	
Financing costs related parties		(1)		(4)	
Total financing results			(71)		(43)
Profit/(loss) before tax			(10)		35
Income tax expense			(23)		(28)
Profit/(loss) after tax			(33)		7
Results from subsidiaries, net of tax	*Note 42*		761		714
Profit for the year			728		721

Statement of Financial Position of Wolters Kluwer N.V.

in millions of euros and before appropriation of results, at December 31		**2021**		**2020**	
Non-current assets					
Financial assets	*Note 42*	7,352		6,838	
Other intangible assets		2		–	
Deferred tax assets		7		12	
Total non-current assets			7,361		6,850
Current assets					
Other receivables	*Note 43*	250		202	
Cash and cash equivalents	*Note 44*	599		109	
Total current assets			849		311
Total assets			8,210		7,161
Equity					
Issued share capital	*Note 33*	32		32	
Share premium reserve		87		87	
Legal reserves		215		(118)	
Other reserves		1,355		1,365	
Undistributed profit		728		721	
Shareholders' equity	*Note 47*		2,417		2,087
Non-current liabilities					
Bonds	*Note 29*	2,625		2,126	
Private placements	*Note 29*	153		157	
Derivative financial instruments	*Note 29*	2		8	
Total non-current liabilities			2,780		2,291
Current liabilities					
Debts to subsidiaries		2,959		2,283	
Borrowings and bank overdrafts	*Note 45*	3		450	
Other payables		51		50	
Total current liabilities			3,013		2,783
Total liabilities			5,793		5,074
Total equity and liabilities			8,210		7,161

Notes to the Company Financial Statements

Note 41 – Significant Accounting Policies

GENERAL

Unless otherwise indicated, the amounts in these financial statements are in millions of euros.

ACCOUNTING POLICIES

The company financial statements of Wolters Kluwer N.V. are prepared in accordance with the Dutch Civil Code, Book 2, Title 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the *Notes to the Consolidated Financial Statements*.

Subsidiaries are valued using the equity method, applying the IFRS accounting policies as endorsed by the European Union.

The company will, upon identification of a credit loss on an intercompany loan and/or receivable, eliminate the carrying amount of the intercompany loan and/or receivable for the value of the identified credit loss.

Any related party transactions between Wolters Kluwer N.V. and its subsidiaries, equity-accounted investees, the pension funds, or with members of the Supervisory Board and the Executive Board are conducted at arm's length with terms comparable to transactions with third parties.

For the following disclosures, reference is made to the notes to the consolidated financial statements:
- *Note 29 – Long-term Debt;*
- *Note 33 – Capital and Reserves;*
- *Note 34 – Share-based Payments;*
- *Note 35 – Related Party Transactions;*
- *Note 38 – Remuneration of the Executive Board and the Supervisory Board;*
- *Note 39 – Overview of Significant Subsidiaries; and*
- *Note 40 – Events after Balance Sheet Date.*

COMPARATIVES

The comparative disclosures were adjusted as follows:
- Within shareholders' equity, an amount of €19 million is reclassified from the translation reserve to the hedge reserve, to adjust for an erroneous classification, at January 1, 2020, and December 31, 2020. Refer to *Note 47 – Shareholders' Equity*.

Certain immaterial reclassifications have been made to the comparative statement of financial position and the related notes to conform to the current year presentation and to improve insights. These reclassifications have had no impact on the comparative shareholders' equity and comparative profit for the year.

Note 42 – Financial Assets

	2021	2020
Equity value of subsidiaries	7,352	6,838
Total	7,352	6,838

MOVEMENT EQUITY VALUE OF SUBSIDIARIES

	2021	2020
Position at January 1	6,838	6,846
Results from subsidiaries, net of tax	761	714
Dividends received from subsidiaries	(615)	(374)
Remeasurement gains/(losses) on defined benefit plans, net of tax	14	0
Foreign exchange differences	354	(348)
Position at December 31	7,352	6,838

Note 43 – Other Receivables

	2021	2020
Receivables from subsidiaries	235	195
Current income tax assets	8	0
Miscellaneous receivables and prepayments	7	7
Total	250	202

Note 44 – Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and on demand deposits that are readily convertible into cash. There is no restricted cash.

Note 45 – Borrowings and Bank Overdrafts

	2021	2020
Euro Commercial Paper program	–	100
Bank overdrafts	3	350
Total	3	450

Note 46 – Personnel Expenses

		2021	2020
Salaries and wages and other benefits		30	29
Social security charges		2	2
Costs of defined contribution plans		1	0
Expenses related to defined benefit plans		1	1
Equity-settled share-based payments	*Note 34*	24	24
Total		58	56
Employees			
In full-time equivalents at December 31		135	139
Thereof employed outside the Netherlands		20	20
In full-time equivalents average per annum*		137	138

* Average full-time equivalents per annum include temporary help and contractors, whereas full-time equivalents at December 31 only relate to staff on the payroll of the company.

Note 47 – Shareholders' Equity

	Issued share capital	Share premium reserve	Legal reserves: Legal reserve participations	Legal reserves: Hedge reserve	Legal reserves: Translation reserve	Other reserves: Treasury shares	Other reserves: Retained earnings	Other reserves: Undistributed profit	Shareholders' equity
Balance at January 1, 2020*	33	87	139	(110)	213	(279)	1,628	669	2,380
Items that are or may be reclassified subsequently to the statement of profit or loss:									
Exchange differences on translation of foreign operations					(348)				(348)
Exchange differences on translation of equity-accounted investees					0				0
Net gains/(losses) on hedges of net investments in foreign operations				11					11
Effective portion of changes in fair value of cash flow hedges				(24)					(24)
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				6					6
Items that will not be reclassified to the statement of profit or loss:									
Remeasurements on defined benefit plans							0		0
Tax on other comprehensive income:									
Income tax on other comprehensive income				1	0		0		1
Other comprehensive income for the year, net of tax				(6)	(348)		0		(354)
Profit for the year								721	721
Total comprehensive income for the year				(6)	(348)		0	721	367
Appropriation of profit previous year							669	(669)	0
Transactions with owners of the company, recognized directly in equity:									
Share-based payments							24		24
Cancelation of shares	(1)					346	(345)		0
Release LTIP shares						61	(61)		0
Final cash dividend 2019							(210)		(210)
Interim cash dividend 2020							(124)		(124)
Repurchased shares						(350)			(350)
Other movements			(6)		0		6		0
Balance at December 31, 2020*	32	87	133	(116)	(135)	(222)	1,587	721	2,087

* Restated for certain reclassifications. See *Note 41 – Significant Accounting Policies.*

Note 47 – Shareholders' Equity continued

	Issued share capital	Share premium reserve	Legal reserves: Legal reserve participations	Legal reserves: Hedge reserve	Legal reserves: Translation reserve	Other reserves: Treasury shares	Other reserves: Retained earnings	Other reserves: Undistributed profit	Shareholders' equity
Balance at January 1, 2021	32	87	133	(116)	(135)	(222)	1,587	721	2,087
Items that are or may be reclassified subsequently to the statement of profit or loss:									
Exchange differences on translation of foreign operations					313				313
Exchange differences on translation of equity-accounted investees					1				1
Recycling of foreign exchange differences on loss of control					40				40
Net gains/(losses) on hedges of net investments in foreign operations				(16)					(16)
Effective portion of changes in fair value of cash flow hedges				6					6
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				4					4
Items that will not be reclassified to the statement of profit or loss:									
Remeasurements on defined benefit plans							16		16
Tax on other comprehensive income:									
Income tax on other comprehensive income				0			(4)		(4)
Other comprehensive income/(loss) for the year, net of tax				(6)	354		12		360
Profit for the year								728	728
Total comprehensive income for the year				(6)	354		12	728	1,088
Appropriation of profit previous year							721	(721)	0
Transactions with owners of the company, recognized directly in equity:									
Share-based payments							24		24
Cancelation of shares	0					336	(336)		0
Release LTIP shares						49	(49)		0
Final cash dividend 2020							(232)		(232)
Interim cash dividend 2021							(140)		(140)
Repurchased shares						(410)			(410)
Other movements			(15)		0		15		0
Balance at December 31, 2021	32	87	118	(122)	219	(247)	1,602	728	2,417

The legal reserves and treasury shares reserve are not available for dividend distribution to the owners of the company.

Note 48 – Commitments and Contingent Liabilities

GUARANTEES

Pursuant to section 403 of the Dutch Civil Code, Book 2, the company has assumed joint and several liability for the debts arising out of the legal acts of several subsidiaries in the Netherlands. The relevant declarations have been filed with and are open for inspection at the Dutch Commercial Register for the district in which the legal entity respective to the liability has its registered office.

The company has the following outstanding guarantees at December 31:

	2021	2020
Parental performance guarantees to third parties	12	12
Guarantee to the trustees of the U.K. retirement plan	21	20
Drawn bank credit facilities	1	1
Total guarantees outstanding	34	33

At December 31, 2021, the total guarantees issued for bank credit facilities on behalf of several subsidiaries amounted to €113 million (2020: €101 million), of which €112 million was not utilized (2020: €100 million).

At December 31, 2021, share buybacks have not yet been executed for an amount of €50 million under the existing mandate.

The company forms part of a Dutch fiscal unity and pursuant to standard conditions has assumed joint and several liability for the tax liabilities of the fiscal unity.

Note 49 – Details of Participating Interests

A list of subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Dutch Civil Code, Book 2, Part 9, Section 379) is filed at the offices of the Chamber of Commerce of The Hague, the Netherlands.

An overview of significant subsidiaries is included in *Note 39 – Overview of Significant Subsidiaries*.

Note 50 – Profit Appropriation

		2021	2020
Proposed dividend distribution	*Note 33*	405	357
Proposed additions to retained earnings		323	364
Profit for the year		728	721

At the 2022 Annual General Meeting of Shareholders, the company will propose a final dividend distribution of €1.03 per share, to be paid in cash on May 18, 2022. This will bring the total dividend for 2021 to €1.57 per share (2020: €1.36 per share), an increase of 15% over the prior year.

Authorization for Issuance

Alphen aan den Rijn, February 22, 2022

Executive Board

N. McKinstry, CEO and Chair of the Executive Board
K.B. Entricken, CFO and Member of the Executive Board

Supervisory Board

F.J.G.M. Cremers, Chair
A.E. Ziegler, Vice-Chair
B.J.F. Bodson
J.A. Horan
J.P. de Kreij
S. Vandebroek
C.F.H.H. Vogelzang

Other Information on the Financial Statements

Independent Auditor's Report

To the shareholders and the Supervisory Board of Wolters Kluwer N.V.

Report on the audit of the financial statements for the year ended December 31, 2021, included in the 2021 Annual Report.

OUR OPINION

We have audited the accompanying financial statements for the year ended December 31, 2021, of Wolters Kluwer N.V., based in Alphen aan den Rijn, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements as set out on pages 99 to 203 of the annual report.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of Wolters Kluwer N.V. as at December 31, 2021, and of its result and its cash flows for the year ended December 31, 2021, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and with Part 9 of Book 2 of the Dutch Civil Code; and
- The accompanying company financial statements give a true and fair view of the financial position of Wolters Kluwer N.V. as at December 31, 2021, and of its result for the year ended December 31, 2021, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. The consolidated statement of financial position as at December 31, 2021;
2. The following statements for the year ended December 31, 2021: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, changes in total equity and cash flows; and
3. The notes to the consolidated financial statements, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
1. The company statement of financial position as at December 31, 2021;
2. The company statement of profit or loss for the year ended December 31, 2021; and
3. The notes to the company financial statements, comprising a summary of the significant accounting policies and other explanatory information.

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 *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Wolters Kluwer N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence), and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgment, we determined the materiality for the financial statements as a whole at €60 million (2020: €50 million). The materiality is based on 6.5% of profit before tax (2020: 5.3%). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality overview

Materiality for the financial statements as a whole	€60 million
Basis for materiality	6.5% of profit before tax
Threshold for reporting misstatements	€3 million

Audits of the group entities (components) were performed using materiality levels determined by the judgment of the group engagement team, considering the materiality for the consolidated financial statements as a whole and the reporting structure within the group. For the significant components (i.e, business units Corporate Legal Services U.S., UpToDate U.S., and Tax & Accounting U.S.), the audits are performed using a materiality level of €26.4 million (2020: €19.3 million). For the other components, the materiality levels are in the range of €14.4 million to €24.0 million (2020: €10.5 million to €17.5 million).

We agreed with the Supervisory Board that misstatements in excess of €3 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Wolters Kluwer N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Wolters Kluwer N.V.

Our group audit mainly focused on significant group entities. Our assessment of entities that are significant to the group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by component auditors. We responded to changes relevant to the group in 2021 in determining the components in our scope and the nature of procedures to be performed. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. With the exception of two, all component auditors are Deloitte member firms. The group engagement team directed the planning, reviewed the work performed by component auditors, and assessed and discussed the results and findings with the component auditors. Due to the COVID-19 pandemic, similar as in the prior year, the direction and supervision of the component auditors was performed remotely. The group engagement team held multiple virtual meetings with all the individual component auditors and management of the relevant group entities, and participated at a minimum in the component auditor closing calls. For selected component auditors (in North America, Germany, and Spain), remote file reviews were conducted to evaluate the work undertaken and to assess their findings.

The group consolidation, financial statement disclosures, and a number of central accounting and/or reporting items were audited by the group engagement team. These items include impairment testing on goodwill and acquired identifiable intangible assets, audit procedures on the acquisition and divestment of certain assets and businesses (including assets and liabilities classified as held for sale), group accounting for current and deferred income taxes, share-based payments, the implementation of CCH Tagetik, the group's new corporate performance management tool used for consolidation, the Wolters Kluwer N.V. company financial statements, and certain critical accounting positions subject to management estimates. Specialists were involved, amongst others, in the areas of information technology; accounting and reporting; pensions; forensic; environmental, social, and governance; and valuation.

As part of our year-end audit procedures, we have considered our assessment of significant group entities in order to ensure we have obtained appropriate coverage of the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified.

In summary, the group engagement team has:
- Performed procedures at a group level on centralized key audit matters;
- Performed audit procedures at Wolters Kluwer N.V. company-only;
- Used the work of Deloitte component auditors, or performed specific audit procedures ourselves, when auditing the components in the Netherlands (2), Europe (9), and North America (10), and used the work of non-Deloitte component auditors in Europe (1) and the Netherlands (1); and
- Performed (extended) analytical procedures at group level on the other group entities.

Independent Auditor's Report continued

The group entities subject to full-scope audits and audits of specified account balances and classes of transactions comprise approximately 80% of consolidated revenues and approximately 90% of consolidated total assets. For the remaining entities, we performed a combination of specific audit procedures and analytical procedures at group level relating to the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified.

Audit coverage

Audit coverage of consolidated revenues	80%
Audit coverage of consolidated total assets	90%

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's and company's financial information to provide an opinion on the consolidated and company financial statements.

SCOPE OF AUDIT APPROACH ON FRAUD RISKS AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Non-compliance with law and regulation may result in fines, litigation, or other consequences for the group that may have a material effect on the financial statements.

Audit approach on fraud risks

In identifying potential risks of material misstatements due to fraud, we obtained an understanding of the group and its environment, including the entity's internal controls. We evaluated the group's fraud risk assessment and made inquiries with management, those charged with governance and others within the group, including but not limited to the Corporate Risk Committee and Internal Control department. We evaluated several fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud. We involved our forensic specialists in our risk assessment and in determining the audit responses.

Following these procedures, and the presumed risk under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls, including evaluating whether there was evidence of bias by the Executive Board, the executive leadership team, and other members of management, which may represent a risk of material misstatement due to fraud.

As part of our audit procedures to respond to these fraud risks, we evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistleblower procedures and incident registration. We evaluated the design and implementation and, where considered appropriate, tested the operating effectiveness of the internal controls relevant to mitigate these risks. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close collaboration with our forensic specialist. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present. Further, we performed substantive audit procedures, including detail testing of journal entries and supporting documentation in relation to post-closing adjustments. Data analytics, including analyses of high risk journals, are part of our audit approach to address fraud risks, which could have a material impact on the financial statements. The procedures prescribed are in line with the applicable auditing standards and are not primarily designed to detect fraud.

We identified the following fraud risks:
- Management Override of Controls; and
- Manual entries to revenue outside the fulfillment system.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made inquiries of relevant executives, directors (including internal audit, internal control, legal, corporate tax, and divisional CFOs) and the Supervisory Board.

We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in *Note 3* of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. We refer to the audit procedures as described in the separate section Our key audit matters below in addressing fraud risks in connection with revenue recognition and potential management override on specific estimates, such as those applied in the valuation of goodwill and acquired identifiable intangible assets. Our procedures did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach on non-compliance with laws and regulations

We assessed the laws and regulations relevant to the group through discussions with management, reading minutes and reports of internal audit, and inspection of selected documents regarding compliance with laws and regulations. We involved our forensic specialist in this evaluation.

As a result of our risk assessment procedures on laws and regulations, and while realizing that the effects from non-compliance could considerably vary, we considered the adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. We obtained sufficient appropriate audit evidence regarding stipulations of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. Given the nature of the group's business and the complexity of the applicable laws and regulations, we considered data and privacy legislation and there is a risk of non-compliance with the requirements of such laws and regulations. In addition, we considered major laws and regulations applicable to listed companies, including the Dutch Corporate Governance Code, the EU taxonomy for sustainable activities, and the European Single Electronic Reporting Format.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, the group's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of licenses, permits, or intellectual property rights) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, the Supervisory Board, the Executive Board, and others within the group as to whether the group is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Independent Auditor's Report continued

Audit approach on going concern

Our responsibilities, as well as the responsibilities of the Executive Board and the Supervisory Board, related to going concern under the prevailing standards are outlined in the *Description of responsibilities regarding the financial statements* section below. The Executive Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements, and as disclosed in *Note 1*. The Executive Board believes that no events or conditions, including the COVID-19 pandemic, give rise to doubt about the ability of the group to continue in operation at least 12 months from the end of the reporting period.

We have obtained management's assessment of the entity's ability to continue as a going concern, and have assessed the going concern assumption applied. As part of our procedures, we evaluated whether sufficient appropriate audit evidence has been obtained regarding, and have concluded on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Management evaluated the impact of the COVID-19 pandemic on the group's business in *Note* 3. We assessed the impact of COVID-19 on our audit approach. For our specific considerations regarding our group audit, refer to Scope of the group audit above. Our specific considerations related to the valuation of goodwill and acquired identifiable intangible assets and internal controls over financial reporting are included in the respective key audit matters below. In 2021, we considered the purchase price allocation for significant new business combinations no longer a key audit matter, since no significant business combinations were completed during the financial year.

The key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Description	*How the key audit matter was addressed in the audit*
Valuation of goodwill and acquired identifiable intangible assets **The group has €4,180 million of goodwill and €1,045 million of acquired identifiable intangible assets (December 31, 2020: €3,969 million and €1,118 million respectively), as disclosed in *Note 18*. Goodwill and acquired identifiable intangible assets represent 58% (2020: 61%) of consolidated total assets and 216% (2020: 244%) of consolidated total shareholders' equity. Goodwill is subject to an annual impairment test.** **The value-in-use of goodwill and acquired identifiable intangible assets is dependent on expected future cash flows from the underlying group of Cash Generating Units (CGUs) for goodwill and individual CGUs for acquired identifiable intangible assets.** **The impairment assessment prepared by management includes a variety of internal and external factors. In connection with these factors, management made significant estimates that require the use of valuation models and a significant level of management judgment, potentially subject to management override, particularly the assumptions related to the weighted average cost of capital, the perpetual growth rates, and the adjusted operating profit margin.** **For goodwill, an annual impairment test was performed. The annual impairment test for goodwill did not result in an impairment.** **During the year, management performed triggering event analyses for its assets, including acquired identifiable intangible assets. For acquired identifiable intangible assets in the individual CGU Learner's Digest (Health) and individual CGUs within the Governance, Risk & Compliance and Health operating segment, triggers for impairment were identified. The impairment tests performed resulted in impairment adjustments to the acquired identifiable intangible assets of €38 million.** **The sensitivity analysis has been disclosed in *Note 18*.**	We obtained an understanding of the process in place and identified controls in the impairment assessment of the group for goodwill and acquired identifiable intangible assets as a basis for our mainly substantive audit approach. We obtained management's triggering event analysis, also including the impact of the COVID-19 pandemic, and for the individual CGUs where a trigger for impairment was identified, we obtained the respective impairment assessment and have evaluated the impairment test models. We involved valuation specialists to assess the models used and the key assumptions applied as outlined in *Note 18*. Our valuation specialists assisted us specifically in evaluating the weighted average cost of capital, the perpetual growth rates, and other rates applied by benchmarking against independent data and peers in the industry. We evaluated management's key assumptions used for cash flow projections (including adjusted operating profit margins), weighted average cost of capital, and perpetual growth rates. We compared rates in use with historical trends and external data and performed sensitivity analyses. We reconciled forecasted cash flows per group of CGUs to authorized budgets and obtained an understanding how these budgets were compiled. For the individual CGU Learner's Digest (Health operating segment) and individual CGUs within the Governance, Risk & Compliance and Health operating segment where impairment triggers were identified for acquired identifiable intangible assets, these procedures were performed for the individual CGUs. We also evaluated the adequacy of the disclosures provided by the group in *Note 18* in relation to its impairment assessment. **Observations** We did not identify any reportable matters in management's valuation of goodwill and acquired identifiable intangible assets and the respective impairment adjustments recorded, as well as the corresponding disclosures included in *Note 18*.

Independent Auditor's Report continued

Key audit matters continued

Description	*How the key audit matter was addressed in the audit*
Revenue recognition Revenue (transactions) may be subject to manual adjustments outside the fulfillment systems. There is a risk of material misstatement that these revenue adjustments are based on manual journal entries that are non-valid, inaccurate, and/or that allocate revenue to the improper period. The group's revenue recognition policies are disclosed in *Note 6*. Significant complex new and/or amended revenue arrangements may also require careful consideration and judgment in determining the correct revenue recognition pattern in accordance with IFRS 15. For such contracts, the group may fail to defer revenue recognition, or allocate the incorrect selling price to the different elements in the arrangements in accordance with IFRS 15 requirements, potentially resulting in inaccurate and improper revenue recognition.	Component auditors were involved in performing audit procedures on the identified risk on revenue recognition. The revenue recognition audit procedures performed on existing contracts were focused on manual adjustments, which could impact the accuracy, occurrence, and cut-off of recorded revenue, especially around period-end. We obtained an understanding of the revenue processes, and tested design and implementation of controls in place, including segregation of duties, relevant to our audit. Manual entries to revenue recorded were evaluated with authorized source documents such as the underlying contract, customer acceptance form, and/or third-party delivery confirmation. The recognition of revenue, contract assets, and contract liabilities, including deferred income, was evaluated with the underlying contract, customer acceptance form, and/or third-party delivery confirmation. We evaluated proper allocation of the contract value to the different performance obligations and evaluated the revenue recognition patterns applied, in accordance with IFRS 15. For significant acquisitions completed in the prior year (eOriginal and XCM Solutions), we specifically evaluated the accounting treatment of the material revenue streams (primarily Software as a Service) in accordance with IFRS 15. Our risk assessment in connection with revenue recognition did not change, since the overall product portfolio of the group remained materially unchanged as compared to the prior year. We also evaluated the adequacy of the disclosures provided by the group in *Note 6*. **Observations** Based on our procedures performed, we did not identify any reportable matters in manual adjustments to revenue, significant new and/or amended revenue arrangements, and corresponding disclosures included in *Note 6*.

Key audit matters continued

Description	*How the key audit matter was addressed in the audit*
Internal controls over financial reporting The group has its businesses in a large number of countries and locations. The group operates various IT systems, processes, and procedures locally that are important for the continuity of its business operations and for the reliability of its financial reporting. In addition, the group is exposed to IT-related risks and cyber threats that could affect their IT infrastructure and system availability, applications, and company and customer data. During 2021, the group completed the implementation of CCH Tagetik, the group's new corporate performance management tool used for consolidation. As a result of the COVID-19 pandemic, substantially all of the group's employees have been working remotely since March 2020 and during the full 2021 financial year. Local Internal Control officers were involved in evaluating the implications on a day-to-day basis.	We have considered the group's internal controls over financial reporting as a basis for designing and performing the audit activities that are deemed appropriate for our audit. We are, however, not required to perform an audit on internal controls over financial reporting and accordingly we do not express an opinion on the effectiveness of the group's controls over financial reporting. We have tailored our audit procedures to the diverse (local) IT landscapes and the implemented internal controls. We have included specialized IT auditors in our audit teams to test the reliability and continuity of the automated data processing, solely to the extent necessary within the scope of the financial statements audit. Where relevant to the audit, we have tested the operating effectiveness of (IT) controls and performed additional audit procedures. Also, we have involved specialized IT auditors to evaluate the group's annual cyber assessment, and we have held inquiries with key stakeholders addressing IT-related risks and cyber threats. Also, in conjunction with our component audit teams and specialized IT auditors, we have specifically considered the implementation of CCH Tagetik in our audit. **Observations** The impact of the COVID-19 pandemic on the remote execution of controls remains limited, since many controls were already executed digitally. We have reported our observations on internal controls over financial reporting to the Audit Committee and have performed additional audit procedures, where deemed needed, with satisfactory results.

Independent Auditor’s Report continued

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT 2021

In addition to the financial statements and our auditor's report thereon, the annual report 2021 contains other information that consists of:
- Strategic Report;
- Governance; and
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements; and
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were appointed by the General Meeting of Shareholders as auditor of Wolters Kluwer N.V. on April 23, 2014, for the audit of the financial year 2015 and have operated as statutory auditor ever since that financial year. In the General Meeting of Shareholders on April 19, 2018, we were re-appointed for a period of four years for the financial years 2019 through 2022.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

The group has prepared its annual report in ESEF. The requirements for this are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by the group, complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:
- Obtaining an understanding of the company’s financial reporting process, including the preparation of the reporting package;
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF; and
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the group's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the group's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing, and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements, and independence requirements. Our audit included among others:
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.
- Obtaining 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 group's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluating the overall presentation, structure, and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising, and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Independent Auditor's Report continued

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We 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.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 22, 2022
Deloitte Accountants B.V.
B.E. Savert

Other Information

Articles of Association Provisions Governing Profit Appropriation

ARTICLE 29 OF THE ARTICLES OF ASSOCIATION

Paragraph 1
From the profit as it appears on the annual accounts adopted by the General Meeting, a dividend shall be distributed on the preference shares, whose percentage – calculated on the paid part of the nominal amount – is equal to that of the average of the interest rate on Basis Refinancing Transactions (Refi interest of the European Central Bank). These are weighted according to the number of days over which this rate of interest applies during the financial year over which the dividend was paid, increased by a debit interest rate to be determined by the large Dutch banks and also increased by a margin determined by the Executive Board and approved by the Supervisory Board of one percentage point (1%) minimum and four percentage points (4%) maximum. The dividend on the preference shares shall be calculated on an annual basis on the paid part of the nominal amount. If in any financial year the distribution referred to in the first full sentence cannot be made or can only be made in part because the profits are not sufficient, the deficiency shall be distributed from the distributable part of the company's equity. No further dividend shall be distributed on the preference shares.

Paragraph 2
Subsequently such allocations to reserves shall be made as the Executive Board shall determine, subject to the approval of the Supervisory Board.

Paragraph 3
Any balance remaining after that shall be distributed at the disposal of the General Meeting of Shareholders.

Paragraph 5
Distribution of profit shall be made after adoption of the annual accounts showing that it is permitted.

Paragraph 6
Subject to approval of the Supervisory Board, the Executive Board may resolve on distribution of interim dividend, provided the requirements of paragraph 4 have been met, according to an interim statement of assets and liabilities. It shall relate to the position of the assets and liabilities no earlier than on the first day of the third month before the month in which the resolution on distribution of interim dividend is made known. It shall be drawn up with observance of valuation methods considered generally acceptable. The statement of assets and liabilities shall include the amounts to be reserved by virtue of the law.

It shall be signed by the Members of the Executive Board; if the signature of one or more of them is lacking this shall be stated with reasons. The statement of assets and liabilities shall be deposited at the office of the Commercial Register within eight days after the day on which the resolution on distribution is made known.

Paragraph 7
If a loss is suffered for any year, that loss shall be transferred to a new account for set-off against future profits, and for that year no dividend shall be distributed. Based on the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve, however, to delete such a loss by writing it off on a reserve that need not be maintained, according to the law.

ARTICLE 30 OF THE ARTICLES OF ASSOCIATION

Paragraph 1
On the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve that a distribution of dividend on ordinary shares shall be made entirely or partially not in money but in ordinary shares in the capital of the company.

Paragraph 2
On the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve on distributions in money or in the manner as referred to in Paragraph 1 to holders of ordinary shares against one or more reserves that need not be maintained under the law.

Report of the Wolters Kluwer Preference Shares Foundation

ACTIVITIES

The Board of the Wolters Kluwer Preference Shares Foundation (the Foundation) met twice in 2021. Due to the global pandemic, the meetings were virtual. The matters discussed included the company's results, the execution of the strategy, the impact of the global pandemic, the financing of the company, acquisitions and divestments, developments in the market, and the general course of events at Wolters Kluwer. Representatives of the Executive Board of the company, the chair of the Supervisory Board, and corporate staff attended the meetings to give the Board of the Foundation information about the developments within Wolters Kluwer.

The Board of the Foundation also followed developments of the company outside of board meetings, among other through receipt by the board members of press releases. As a result, the Board of the Foundation has a good view on the course of events at Wolters Kluwer. The Board of the Foundation also closely monitored the developments with respect to corporate governance and relevant Dutch legislation and discussed that topic during the meeting. Furthermore, the financing of the Foundation and the composition of the Board of the Foundation were discussed. The Foundation acquired no preference shares during the year under review.

EXERCISE OF THE PREFERENCE SHARES OPTION

Wolters Kluwer N.V. and the Foundation have concluded an agreement based on which preference shares can be taken by the Foundation. This option on preference shares is at present a measure that could be considered as a potential protection at Wolters Kluwer against exercising influence by a third party on the policy of the company without the consent of the Executive Board and Supervisory Board, including events that could threaten the strategy, continuity, independence, identity, or coherence between the activities of the company. The Foundation is entitled to exercise the option on preference shares in such a way that the number of preference shares taken will be no more than 100% of the number of issued and outstanding ordinary shares at the time of exercise. Among other things by the exercise of the option on the preference shares by the Foundation, the Executive Board and the Supervisory Board will have the possibility to determine their position with respect to, for example, a party making a bid on the shares of Wolters Kluwer, and its plans, or with respect to a third party that otherwise wishes to exercise decisive influence, and enables the boards to examine and implement alternatives.

COMPOSITION OF THE BOARD OF THE WOLTERS KLUWER PREFERENCE SHARES FOUNDATION

Mr. Voogd retired in 2021, due to the expiration of his final term. The Board of the Foundation appointed Mr. Bouw as new Chair and Mr. Tiemstra as Vice-Chair. In addition, the Board of the Foundation appointed Mr. Visser as new member.

The Foundation is a legal entity that is independent from the company as stipulated in clause 5:71 (1) sub c of the Act on financial supervision (Wet op het financieel toezicht). All members of the Board of the Foundation are independent from the company.

Alphen aan den Rijn, February 22, 2022

Board of Wolters Kluwer Preference Shares Foundation
P. Bouw, Chair
J.S.T. Tiemstra, Vice-Chair
J.H.M. Lindenbergh
G.W.Ch. Visser

Wolters Kluwer Shares and Bonds

Additional information regarding Wolters Kluwer shares and bonds is provided in this chapter.

ORDINARY SHARES AND ADRS

Wolters Kluwer N.V. ordinary shares are listed on Euronext Amsterdam under the symbol WKL. During 2021, the average daily trading volume of Wolters Kluwer shares on Euronext Amsterdam was 521,131 shares (2020: 677,347), according to Euronext.

American Depositary Receipt (ADR) program

Wolters Kluwer has a sponsored Level I American Depositary Receipt (ADR) program. Each Wolters Kluwer ADR represents one ordinary share (ADR ratio 1:1). Wolters Kluwer ADRs are denominated in U.S. dollars and are traded on the over-the-counter (OTC) securities market in the United States. Wolters Kluwer ADRs receive the same dividends as the ordinary shares converted into U.S. dollars at the prevailing €/$ exchange rate. For more information contact our ADR depositary bank: Deutsche Bank Trust Company Americas, c/o American Stock Transfer & Trust Company, Peck Slip Station, P.O. Box 2050 New York, N.Y. 10272-2050, United States, or visit www.adr.db.com.

Securities codes and ticker symbols

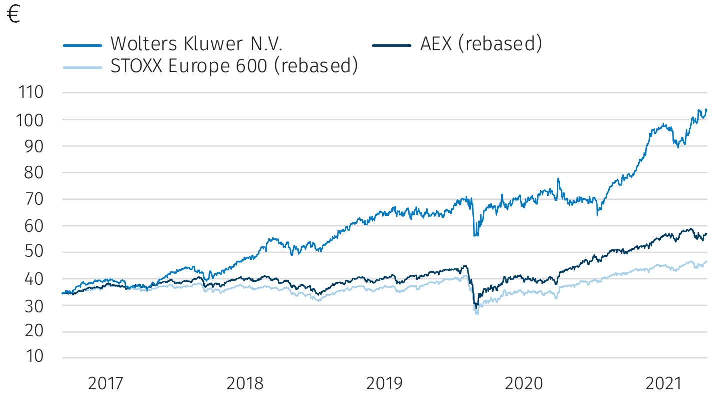
System	Ordinary shares	ADRs
ISIN	NL0000395903	US9778742059
Sedol	5671519	2977049
Bloomberg	WKL:NA	WTKWY:US
Reuters RIC	WLSNc.AS	WTKWY
CUSIP	–	977874205
Exchange	Euronext	Over-the-counter (OTC)

SHARE PRICE PERFORMANCE

Wolters Kluwer shares ended the year 2021 up 50%, closing the year at €103.60. Over the five-year period ending December 31, 2021, Wolters Kluwer shares have increased by 201%, significantly outperforming the Amsterdam AEX index and the STOXX Europe 600, which increased 65% and 35%, respectively. Wolters Kluwer ADRs (quoted in U.S. dollars) appreciated 225% over this five-year period, significantly outperforming the S&P 500, which rose 113%.

Five-year share price performance 2017-2021

€



Source: Nasdaq/FactSet data. Indices rebased to Wolters Kluwer share price.

Wolters Kluwer Shares and Bonds continued

DIVIDEND POLICY AND DIVIDEND PROPOSAL

Dividend policy

Wolters Kluwer is committed to a progressive dividend policy. Proposed annual increases in the dividend per share take into account our financial performance, market conditions, and our need for financial flexibility. The policy takes into consideration the characteristics of our business, our expectations for future cash flows, and our plans for organic investment or for external investment in acquisitions.

Proposed 2021 dividend

We are proposing to increase the total dividend for the financial year 2021 by 15% (2020: 15% increase) to €1.57 per share (2020: €1.36). We will therefore recommend a final dividend of €1.03 per share, subject to approval of shareholders at the Annual General Meeting in April 2022.

For 2022, we intend to maintain the interim distribution at 40% of prior year total dividend.

Shareholders can choose to reinvest interim and final dividends by purchasing additional Wolters Kluwer shares through the Dividend Reinvestment Plan (DRIP) administered by ABN AMRO Bank N.V.

SHARE BUYBACK PROGRAMS

As a matter of policy since 2012, Wolters Kluwer offsets the dilution caused by our annual incentive share issuance with share repurchases (Anti-Dilution Policy). In addition, when appropriate, we return capital to shareholders through further share buyback programs. Shares repurchased by the company are added to and held as treasury shares. Treasury shares are either canceled or are held to meet future obligations under share-based incentive plans.

During 2021, we repurchased 5.0 million shares for a total consideration of €410 million, including 0.7 million shares to offset incentive share issuance (2020: 0.9 million). As of December 31, 2021, we held 4.3 million shares in treasury. A summary of amounts repurchased and cancelations over the past few years is shown below.

Share repurchases and cancelations 2017-2021

	Shares repurchased million	Total consideration € million	Average share price €	Treasury shares canceled million	Treasury shares released for LTIP million
2021	5.0	410	82.62	5.0	0.7
2020	5.1	350	68.41	5.5	0.9
2019	5.5	350	63.80	6.7	1.0
2018	11.5	550	47.81	10.6	1.3
2017	7.8	300	38.62	11.6	1.4

Share buyback 2022

On February 23, 2022, we will announce our intention to spend up to €600 million on share repurchases during 2022, including repurchases to offset incentive share issuance. As of February 22, 2022, €50 million of this 2022 buyback had already been completed.

We believe this level of cash return leaves us with ample headroom to support our dividend plans, to sustain organic investment, and to make selective acquisitions. The share repurchases may be suspended, discontinued, or modified at any time. At the Annual General Meeting in April 2022, we will propose canceling any or all treasury shares that are not used for share-based incentive plans.

SHARE CAPITAL AND MARKET CAPITALIZATION

Shares issued and outstanding

The number of issued ordinary shares on December 31, 2021, was 262.5 million (2020: 267.5 million), of which 4.3 million were held in treasury. In September 2021, 5.0 million treasury shares were canceled.

During 2021, 5.0 million shares were repurchased and added to treasury, while 0.7 million shares were released for long-term incentive plans. The diluted weighted average number of ordinary shares used to compute the diluted earnings per share figures was 261.8 million in 2021.

Market capitalization

Based on issued ordinary shares (including 4.3 million treasury shares), the market capitalization of Wolters Kluwer as of December 31, 2021, was €27.2 billion (December 31, 2020: €18.5 billion).

Shares issued and outstanding

number of shares in millions	2021	2020
Issued ordinary shares (December 31)	262.5	267.5
Treasury shares (December 31)	4.3	5.1
Issued ordinary shares outstanding (December 31)	258.2	262.4
Weighted average number of ordinary shares outstanding	260.4	265.0
Diluted weighted average number of ordinary shares	261.8	266.6

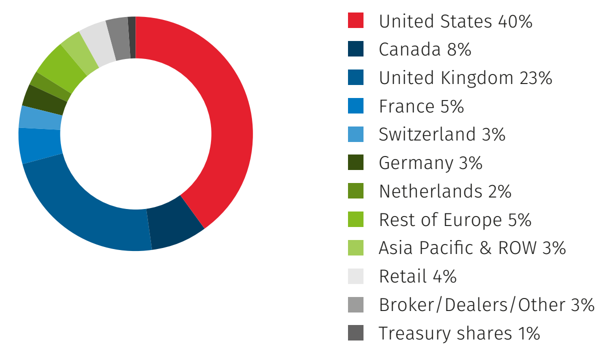
SHAREHOLDER STRUCTURE

Wolters Kluwer has 100% free float and a widely distributed, global shareholder base. Approximately 92% of the issued ordinary shares of Wolters Kluwer is held by institutional investors. The remaining 8% is held by retail investors, broker-dealers, or held in treasury by Wolters Kluwer.

As of October 2021, nearly half of our issued share capital is held by investors in North America, mainly the United States and Canada. Institutions based in the United Kingdom held 23%, while institutions based in continental Europe owned 18%. Institutions in Asia Pacific & Rest of World own approximately 3% of our issued share capital. Approximately 20% of issued share capital is held in passive, index, or quant funds. Based on a broad definition of sustainable investing, ESG funds hold approximately 30% of our issued share capital.

Shareholders who have notified the Dutch Authority for the Financial Markets (AFM) indicating a capital interest exceeding the AFM's reporting thresholds can be found on the AFM website (www.afm.nl).

Geographical distribution of issued share capital



Source: Nasdaq Corporate Solutions, as of October 2021.

Wolters Kluwer Shares and Bonds continued

Some of the most widely followed indices that include Wolters Kluwer shares are shown below.

Wolters Kluwer weight in selected indices

Index	**Weight %**
AEX®	3.18%
Euronext® 100	0.71%
Euronext® Eurozone ESG Leaders Select 40	2.43%
EURO STOXX®	0.49%
EURO STOXX® MEDIA	35.86%
STOXX® Europe 600	0.25%
STOXX® Europe 600 Media	14.74%
STOXX® Europe 600 ESG-X	0.26%
MSCI Europe Commercial & Professional Services	12.96%

Sources: Euronext, STOXX, MSCI. Weights as of December 31, 2021.

INDUSTRY CLASSIFICATIONS AND INDICES

Wolters Kluwer is currently classified in different industry sectors by the global index providers.

Industry classification by main index providers

Main index provider	**System used**	**Wolters Kluwer Industry Classification (Code)**
Bloomberg	BICS	Technology: Software & Technology Services (1814)
STOXX, FTSE Russell	ICB	Consumer Discretionary: Media: Media: Publishing (5557)
MSCI, S&P, Dow Jones	GICS	Industrials: Commercial & Professional Services: Research & Consulting Services (20202020)

Sources: Bloomberg, FTSE Russell, MSCI, S&P Global, STOXX.

RESEARCH RATINGS

Wolters Kluwer is covered by over 20 sell-side analysts. Of those who regularly publish research, as of January 12, 2022, five have a Buy rating, eleven have a Hold rating, and two rate the shares a Sell. A diverse range of firms produce environmental, social, and governance (ESG) research and ratings on Wolters Kluwer. A selection of publicly available ESG ratings is shown below.

A list of analysts can be found on our Investor Relations website
www.wolterskluwer.com/en/investors/analysts/analyst-coverage

Selected ESG ratings

ESG rating	**2021**	**2020**	**Description**
MSCI ESG Rating	AAA	AAA	MSCI rating uses a scale of AAA – CCC. AAA is the top score.
ISS Governance Quality Score	1	1	ISS quality scores (introduced 2020) are on a scale of 1 – 10, with a lower score denoting lower risk.
ISS Social Quality Score	2	4	
ISS Environment Quality Score	3	3	
Sustainalytics ESG Risk Score	9.5	9.6	Sustainalytics risk score (introduced in 2020) is on a scale of 0 – 100. A lower score signals lower unmanaged ESG risk. A score of 9.5 is considered negligible risk.

Sources: MSCI, ISS, Sustainalytics, as of January 12, 2022.

BONDS AND OTHER FIXED INCOME SECURITIES

Wolters Kluwer has six Eurobonds listed on the Luxembourg exchange, with a total face value of €2,636 million.

Wolters Kluwer listed fixed-income issues

Debt security	**Due**	**Amount € million**	**Listing**	**ISIN**
2.875% senior bonds	March 2023	€700	Luxembourg	XS0907301260
2.500% senior bonds	May 2024	€400	Luxembourg	XS1067329570
1.500% senior bonds	March 2027	€500	Luxembourg	XS1575992596
0.250% senior bonds	March 2028	€500	Luxembourg	XS2324836878
6.748% senior bonds	August 2028	€36	Luxembourg	XS0384322656
0.750% senior bonds	July 2030	€500	Luxembourg	XS2198580271

Euro Commercial Paper

Wolters Kluwer has a Euro Commercial Paper (ECP) program (established May 7, 2019) under which the company may issue unsecured, short-term debt (ECP notes) up to a maximum of €1.0 billion. The outstanding amount (included in borrowings and bank overdrafts) per December 31, 2021, is nil (December 31, 2020: €100 million).

Type	**As of**	**Issued € million**	**Total facility € million**
Euro Commercial Paper (ECP)	December 31, 2021	Nil	1,000

Sustainability-linked multi-currency revolving credit facility

In July 2021, a one-year extension was agreed on our €600 million multi-currency revolving credit facility such that the facility now matures in July 2024 and still includes a further one-year extension option. At the same time, four ESG measures were linked to the credit facility.

Type	**Term**	**Drawn € million**	**Total facility € million**
Multi-currency revolving credit facility	July 2020 – July 2024	Nil	600

Credit ratings

Maintaining investment grade credit ratings is a core policy of Wolters Kluwer. See the table below for current credit ratings and outlook.

Agency	**Long-term**	**Short-term**	**Outlook**	**Date of rating**	**Date affirmed**
Moody's	Baa1	–	Stable	September 12, 2013	March 8, 2021
S&P	BBB+	A-2	Stable	March 7, 2013	April 30, 2021

Source: Moody's, S&P Global.

Wolters Kluwer Shares and Bonds continued

INVESTOR RELATIONS

Shareholder engagement

Wolters Kluwer places great importance on a constructive dialogue with the investment community. We manage a comprehensive investor relations program designed to maintain regular interaction with investors and sell-side analysts. We communicate through our half-year and full-year earnings releases and presentations, trading updates, the annual report, and other information published on our investor relations website. We host live webcast presentations of our half-year and full-year results, hold the Annual General Meeting of Shareholders, and interact with investors on roadshows and at conferences. In December 2021, we hosted a virtual teach-in on our Health division and our central technology development team, Digital eXperience Group. During the year, the Executive Board met with shareholders representing around 40% of our issued share capital.

Investor Relations is focused on helping the market understand our business, our strategy, our markets, as well as our financial performance. We aim to be responsive and proactive and welcome direct feedback from investors. Wolters Kluwer is committed to a high degree of transparency in its financial reporting and strives to be open with its shareholders and the wider investment community.

Investor Relations website
www.wolterskluwer.com/en/investors

Investor relations policy

Wolters Kluwer is strict in its compliance with applicable rules and regulations on fair disclosure to shareholders. Presentations are posted publicly on the company's website at the same time as they are made available to analysts and investors. In adherence with fair disclosure rules, meetings and presentations do not take place during 'closed periods' before the publication of annual and quarterly financial information. The company does not assess, comment upon, or correct, other than factually, any analyst report or valuation prior to publication. The company is committed to helping investors and analysts become better acquainted with Wolters Kluwer and its management, as well as to maintaining a long-term relationship of trust with the investment community at large.

Financial calendar 2022-2023

2022	
April 21	Annual General Meeting of Shareholders
April 25	Ex-dividend date: 2021 final dividend
April 26	Record date: 2021 final dividend
May 4	First-Quarter 2022 Trading Update
May 18	Payment date: 2021 final dividend, ordinary shares
May 25	Payment date: 2021 final dividend, ADRs
August 3	Half-Year 2022 Results
August 30	Ex-dividend date: 2022 interim dividend
August 31	Record date: 2022 interim dividend
September 22	Payment date: 2022 interim dividend, ordinary shares
September 29	Payment date: 2022 interim dividend, ADRs
November 2	Nine-Month 2022 Trading Update
2023	
February 22	Full-Year 2022 Results
March 8	Publication of 2022 Annual Report

Five-Year Key Figures

in millions of euros, unless otherwise stated	**2021**	**2020**	**2019**	**2018***	**2017****
Revenues	4,771	4,603	4,612	4,259	4,368
Operating profit	1,012	972	908	967	830
Profit for the year, attributable to owners of the company	728	721	669	656	636
Adjusted EBITDA	1,514	1,422	1,382	1,274	1,179
Adjusted operating profit	1,205	1,124	1,089	986	970
Adjusted net financing costs	78	46	58	77	109
Adjusted net profit	885	835	790	682	639
Adjusted free cash flow	1,010	907	807	762	746
Proposed dividend distribution	405	357	315	266	239
Acquisition spending	108	395	34	166	313
Net capital expenditure	239	231	226	214	210
Amortization/impairment of other intangible assets and depreciation/impairment of PPE and right-of-use assets	309	298	293	288	209
Amortization/impairment of acquired identifiable intangible assets	164	144	182	175	187
Shareholders' equity	2,417	2,087	2,380	2,254	2,228
Guarantee equity	2,417	2,087	2,380	2,254	2,232
Net debt	2,131	2,383	2,199	2,249	2,069
Capital employed	5,859	5,087	4,966	5,013	4,845
Total assets	9,028	8,350	8,775	8,544	8,477
Ratios					
As % of revenues:					
Operating profit	21.2	21.1	19.7	22.7	19.0
Profit for the year, attributable to owners of the company	15.3	15.7	14.5	15.4	14.6
Adjusted EBITDA	31.7	30.9	30.0	29.9	27.0
Adjusted operating profit	25.3	24.4	23.6	23.1	22.2
Adjusted net profit	18.6	18.1	17.1	16.0	14.6
ROIC (%)	13.7	12.3	11.8	10.6	10.0
Dividend proposal in % of adjusted net profit	45.8	42.8	39.8	39.0	37.4
Dividend proposal in % of profit for the year, attributable to owners of the company	55.7	49.5	47.1	40.5	37.6
Cash conversion ratio (%)	112	102	96	104	100
Net interest coverage	15.5	24.5	18.7	12.8	8.9
Net-debt-to-EBITDA	1.4	1.7	1.6	1.8	1.8
Net gearing	0.9	1.1	0.9	1.0	0.9
Shareholders' equity to capital employed	0.41	0.41	0.48	0.45	0.46
Guarantee equity to total assets	0.27	0.25	0.27	0.26	0.26

Five-Year Key Figures continued

	2021	2020	2019	2018*	2017**
Information per share (€)					
Total dividend proposal in cash per share	1.57	1.36	1.18	0.98	0.85
Basic earnings per share	2.79	2.72	2.47	2.37	2.23
Adjusted earnings per share	3.40	3.15	2.92	2.47	2.24
Adjusted free cash flow per share	3.89	3.42	2.98	2.75	2.62
Based on fully diluted:					
Diluted earnings per share	2.78	2.70	2.46	2.35	2.21
Diluted adjusted earnings per share	3.38	3.13	2.90	2.45	2.22
Diluted adjusted free cash flow per share	3.87	3.40	2.96	2.73	2.59
Weighted average number of shares issued (millions)	260.4	265.0	270.3	276.7	285.1
Diluted weighted average number of shares (millions)	261.8	266.6	272.2	278.8	287.7
Stock exchange (€)					
Highest quotation	105.25	78.22	67.72	55.68	44.80
Lowest quotation	63.88	52.04	49.98	39.19	34.25
Quotation at December 31	103.60	69.06	65.02	51.66	43.48
Average daily trading volume Wolters Kluwer on Euronext Amsterdam N.V. (thousands of shares)	521	677	643	755	719
Employees					
Headcount at December 31	19,827	19,169	18,979	18,553	18,830
In full-time equivalents at December 31	19,454	18,785	18,361	18,134	18,315
In full-time equivalents average per annum	19,741	19,180	18,883	18,687	18,982

* Restated for IFRS 16, IFRIC 23, and certain reclassifications.
** Restated for IFRS 15.

Glossary

Adjusted
'Adjusted' refers to figures from continuing operations, adjusted for non-benchmark items and amortization and impairment of goodwill and acquired identifiable intangible assets.

'Adjusted' figures are non-IFRS compliant financial figures but are internally regarded as key performance indicators to measure the underlying performance of the business.

Adjusted earnings per share
Adjusted net profit divided by the weighted average number of ordinary shares outstanding.

Adjusted EBITDA
EBITDA adjusted for non-benchmark items in operating profit.

Adjusted free cash flow
Net cash from operating activities less net capital expenditure, plus paid acquisition and divestment expenses, plus dividends received, and one-off cash tax items. Adjusted free cash flow is the cash flow available for payments of dividends to shareholders, acquisitions, repayments of debt, and repurchasing of shares.

Adjusted net financing costs
Total financing results adjusted for non-benchmark items in total financing results.

Adjusted net profit
Profit for the period from continuing operations attributable to the owners of the company, excluding the after-tax effect of non-benchmark items, amortization of acquired identifiable intangible assets, and impairment of goodwill and acquired identifiable intangible assets.

Adjusted operating cash flow
Adjusted EBITDA plus or minus autonomous movements in working capital, less net capital expenditure, repayments of lease liabilities, and lease interest paid.

Adjusted operating profit
Operating profit before amortization and impairment of acquired identifiable intangible assets and impairment of goodwill, and adjusted for non-benchmark items.

Adjusted operating profit margin
Adjusted operating profit as a percentage of revenues.

Adjusted profit before tax
Sum of adjusted operating profit, adjusted net financing costs, income from investments, and share of profit of equity-accounted investees (net of tax).

Allocated tax
Adjusted operating profit multiplied by benchmark tax rate.

Basic earnings per share
The profit or loss attributable to the ordinary shareholders of the company, divided by the weighted average number of ordinary shares outstanding during the period.

Benchmark tax rate
Income tax on adjusted profit, divided by adjusted profit before tax.

Capital employed
Total assets, minus current liabilities and non-current deferred income.

Cash conversion ratio
Adjusted operating cash flow divided by adjusted operating profit.

Constant currencies
Income, expense, and cash flows in local currencies are recalculated to euros, using the average exchange rates of the previous calendar year.

Continuing operations
The results of the group, excluding the results of those components that have been presented as discontinued operations.

Diluted adjusted earnings per share
Adjusted earnings per share amended for the effects of all dilutive potential ordinary shares.

Shares conditionally awarded under LTIP-plans are included in the calculation of the diluted weighted average number of ordinary shares outstanding if the vesting conditions are satisfied.

Diluted earnings per share
Basic earnings per share amended for the effects of all dilutive potential ordinary shares.

Shares conditionally awarded under LTIP-plans are included in the calculation of the diluted weighted average number of ordinary shares outstanding if the vesting conditions are satisfied.

EBITA (Earnings before interest, tax, and amortization)
Operating profit before amortization and impairment of acquired identifiable intangible assets and impairment of goodwill.

EBITDA (Earnings before interest, tax, depreciation, and amortization)
Operating profit before amortization and impairment of acquired identifiable intangible assets and impairment of goodwill, and before amortization and impairment of other intangible assets and depreciation and impairment of PPE, and right-of-use assets.

Guarantee equity
Sum of total equity, subordinated (convertible) bonds, and perpetual cumulative bonds.

Invested capital
Total assets minus current liabilities and non-current deferred income, excluding investments in equity-accounted investees, deferred tax assets, non-operating working capital, and cash and cash equivalents. This total summation is adjusted for accumulated amortization on acquired identifiable intangible assets, goodwill amortized pre-IFRS 2004, and goodwill written off to equity prior to 1996 (excluding acquired identifiable intangible assets/goodwill that have been impaired and/or fully amortized), less any related deferred tax liabilities. The average invested capital is based on five measurement points during the year.

Net capital expenditure
Sum of capitalized expenditure on PPE and other intangible assets, less any cash inflows arising from disposal of PPE and other intangible assets.

Net debt
Sum of long-term debt, borrowings and bank overdrafts, and deferred and contingent acquisition payments, minus cash and cash equivalents, divestment receivables, collateral deposited, and the net fair value of derivative financial instruments.

Net-debt-to-EBITDA ratio
Net debt divided by EBITDA, adjusted for divestment-related results on operations.

Net gearing
Net debt divided by total equity.

Net interest coverage
Adjusted operating profit, divided by adjusted net financing costs.

Non-benchmark items
Non-benchmark items relate to expenses arising from circumstances or transactions that, given their size or nature, are clearly distinct from the ordinary activities of the group, and are excluded from the benchmark figures.

Non-benchmark items in operating profit include amortization and impairment of acquired identifiable intangible assets, impairment of goodwill, results from divestments (including directly attributable divestment costs), additions to and releases from provisions for restructuring of stranded costs following divestments, acquisition-related costs, additions to and releases from acquisition integration provisions, subsequent fair value changes on contingent considerations, and loss on remeasurement on assets classified as held for sale.

Non-benchmark items in total financing results are financing component employee benefits, gains and losses on financial assets at fair value through profit or loss, and divestment-related results on equity-accounted investees.

NOPAT
Net operating profit after allocated tax. Adjusted operating profit less allocated tax.

Operating other receivables
Operating other receivables consist of prepayments and miscellaneous receivables.

Operating other payables
Operating other payables consist of salaries and holiday allowances, social security premiums and other taxation, pension-related payables, royalty payables, and other accruals and payables.

Organic revenue growth
Calculated as revenue of the period, excluding the impact of acquisitions above a minimum threshold, divided by revenue of the period in the previous reporting period, adjusted for the impact of divestments of operations above a minimum threshold, all translated at constant currencies.

Tax on adjusted profit
Income tax expense adjusted for tax benefits on amortization and impairment of acquired identifiable intangible assets and impairment of goodwill, tax on non-benchmark items, and the income tax effect of any material changes in (income) tax laws and (income) tax rates in the jurisdictions where the group operates.

Working capital
Current assets less current liabilities.

Working capital: non-operating working capital
Total of receivables/payables of derivative financial instruments, collateral, the short-term part of the restructuring provision, deferred and contingent acquisition payables, interest receivable/payable, current income tax assets/liabilities, divestment receivables, and borrowings and bank overdrafts.

Working capital: operating working capital
Working capital minus non-operating working capital minus cash and cash equivalents.

Contact Information

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Chamber of Commerce
Trade Registry No. 33.202.517

FORWARD-LOOKING STATEMENTS AND OTHER IMPORTANT LEGAL INFORMATION

This report contains forward-looking statements. These statements may be identified by words such as "expect", "should", "could", "shall", and similar expressions. Wolters Kluwer cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors which could cause actual results to differ from these forward-looking statements may include, without limitation, general economic conditions; conditions in the markets in which Wolters Kluwer is engaged; behavior of customers, suppliers, and competitors; technological developments; the implementation and execution of new ICT systems or outsourcing; and legal, tax, and regulatory rules affecting Wolters Kluwer's businesses; as well as risks related to mergers, acquisitions, and divestments. In addition, financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive. Wolters Kluwer disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

ABOUT THIS REPORT

Sustainability information is integrated within the 2021 Annual Report.

More information on sustainability is available at *www.wolterskluwer.com/en/about-us/sustainability*

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