

2023 Annual Report

When you have to be right



Deep impact when it matters most

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 our strategy on [page 7](#)



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 strategy and business model on [page 7](#)

This copy of the annual report of Wolters Kluwer N.V. for the year 2023 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

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Financial highlights 2023

€5.6bn

total revenues

82%

of revenues are recurring

€4.55

diluted adjusted earnings per share

94%

of revenues from digital products and services

26.4%

adjusted operating profit margin

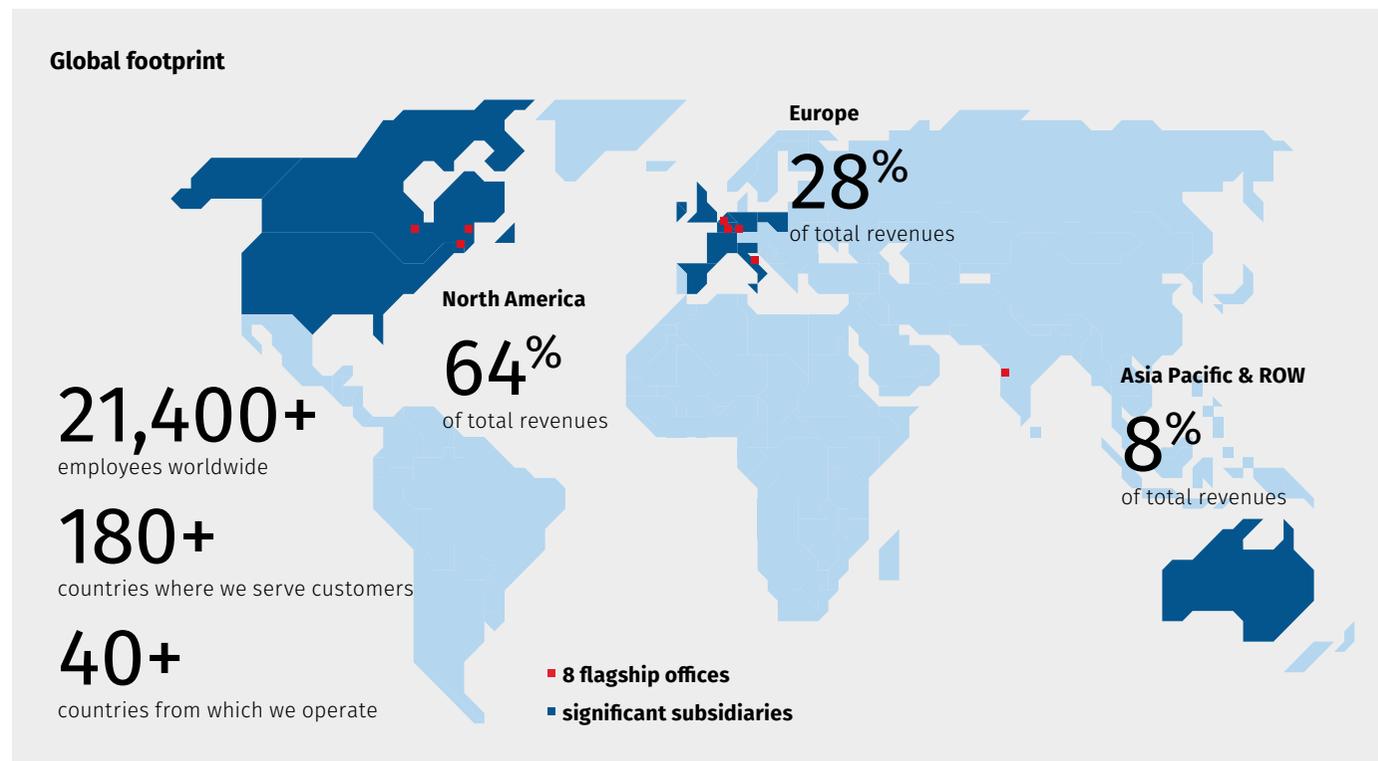
16.8%

return on invested capital

→ Visit our investors portal
www.wolterskluwer.com/en/investors/

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.



Sustainability highlights 2023

78

employee engagement score, up 1 point

75

employee belonging score, up 2 points

8%

reduction in scope 1 and scope 2 emissions

Near-term targets validated by SBTi in 2023

Financial highlights 2023

6%

organic growth in revenues

€1.2bn

adjusted free cash flow

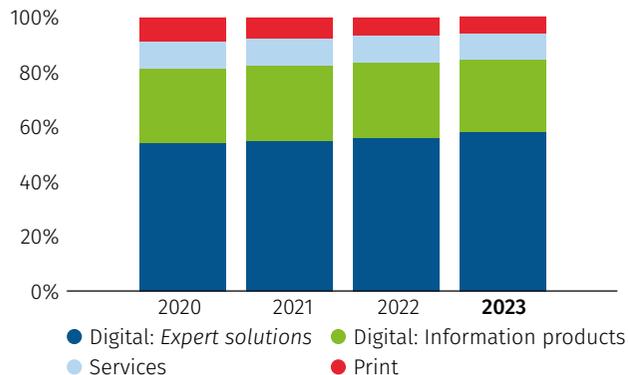
58%

of revenues from *expert solutions*

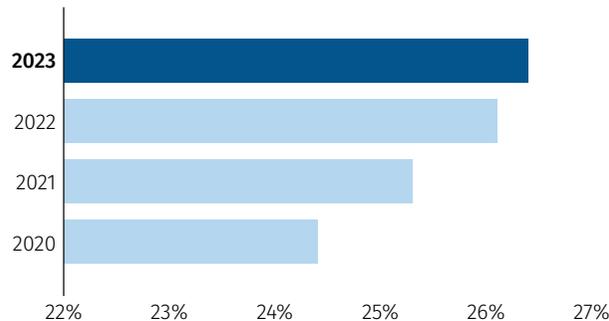
34%

total shareholder return including dividends (not reinvested)

Revenues by media format



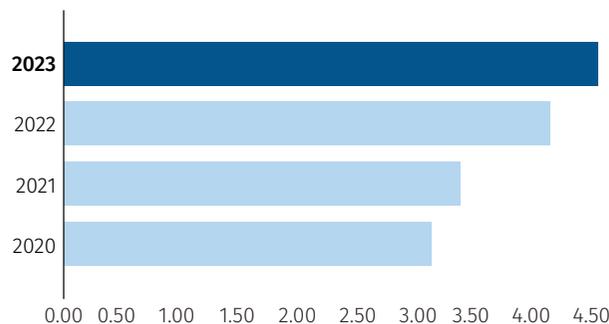
Adjusted operating profit margin



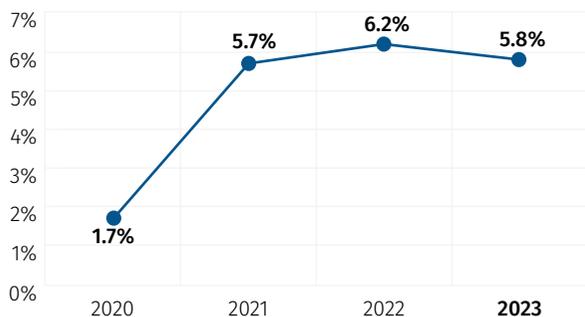
2023 Revenues by type



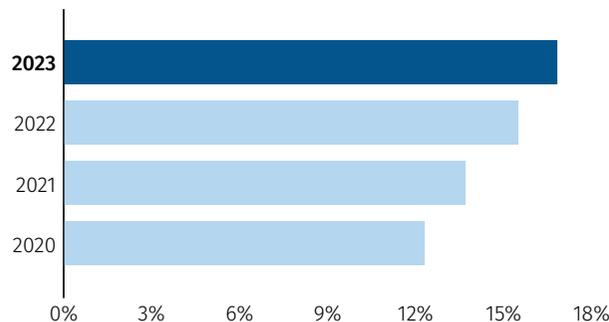
Diluted adjusted EPS in €



Organic revenue growth



Return on invested capital



Divisions

We deliver professional information, software, and services for the healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; and corporate performance and ESG sectors.



Health

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

→ Read more on [page 17](#)



Tax & Accounting

Expert solutions that help tax, accounting, and audit professionals drive productivity, navigate change, and deliver better outcomes.

→ Read more on [page 21](#)



Financial & Corporate Compliance

Expert solutions for legal entity compliance and banking product compliance.

→ Read more on [page 25](#)



Legal & Regulatory

Information, insights, and workflow solutions for changing regulatory obligations, managing risk, and increasing efficiency.

→ Read more on [page 29](#)



Corporate Performance & ESG

Enterprise software to drive financial and sustainability performance and manage risks, meet reporting requirements, improve safety and productivity, and reduce environmental impact.

→ Read more on [page 33](#)

Q&A with Nancy McKinstry



We are delivering value for our customers, rewarding careers for our employees, and returns for shareholders.



The passion, commitment, and efforts of our global team allowed us to collectively deliver on our goals in a year when we made key organizational changes, directed more funds towards AI, and managed through an interest rate cycle.



How would you sum up the company's 2023 financial results?

The macroeconomic and geopolitical backdrop of 2023 presented some challenges, but despite this, we achieved our overall financial guidance, with another year of 6% organic growth and a further increase in the adjusted operating profit margin. The year saw our two largest divisions, Health and Tax & Accounting, grow faster than we had anticipated, compensating for Financial & Corporate Compliance and Corporate Performance & ESG, where the interest rate cycle and market shifts impacted results. It was a year when our Legal & Regulatory division demonstrated yet again that it has been transformed, delivering 8% organic growth for its digital information solutions. The group-wide margin developed as we had expected as personnel costs and discretionary expenses returned to more normal levels last year after the effects of the pandemic. We were able to increase investment in product development in 2023 to take advantage of new opportunities and still meet our margin and cash flow goals.



Innovation spending is at record levels. What are you investing in?

Product development spending is running at 11% of group revenues, some €615 million in 2023, up in constant currencies. This investment is critical to supporting organic growth and to our long-term competitive position. In our world, organic investment mostly relates to multi-year product roadmaps

which require careful planning and resource management. We are investing in many areas: in migrating solutions to the cloud; further deploying artificial intelligence and other advanced technologies; adding new modules to our platforms; transforming our digital information products into *expert solutions*; and building capabilities to support customers for new regulations. We follow a rigorous design and development process, that adheres to our responsible AI principles, to ensure quality and security while also achieving a return on investment. We aim to be agile at the same time so we can pivot or move faster when needed. In 2023, for example, we quickly shifted attention and funding towards generative AI opportunities. Our centralized product development team, DXG, plays a key role in driving innovation with the divisions, both for existing solutions and the creation of entirely new products.



Generative AI took the world by storm in 2023. How is Wolters Kluwer deploying this new technology?

For over 10 years, we have been deploying artificial intelligence into our products. In fact, around 50% of our digital revenues come from products that have some form of AI embedded. We see the new Gen AI technology as another powerful tool that we can put to work with our high-quality, continuously updated, proprietary content to bring benefits to customers. We also see interesting opportunities to enhance our own internal operations with this technology. Gen AI lends itself very well to certain tasks, such as conversational search, generating first drafts, or summarizing documents. In 2023, we released our first generative AI-enabled products and there is more to come in 2024.



In 2023, you set up a new division. Why reorganize?

The new division, Corporate Performance & ESG, was formed by bringing together four of our global enterprise software units: Enablon, CCH Tagetik, TeamMate, and OneSumX/FRR. We believe there are important synergies to be derived from joining up these units and connecting and integrating their solutions. Less than a year in, we have started aligning

product development and have already released the first connection between Enablon and CCH Tagetik. All four units address the corporate market and we see scope to leverage their combined global sales and marketing strength. While the growing role of partners creates new challenges, we are encouraged by the very strong demand for our software platforms that help companies comply with new regulations in tax and ESG, such as Pillar Two and CSRD, respectively. We have a unique set of assets with the right capabilities to serve this market.

Q

Are you on track to deliver on the goals of your 2022-2024 strategy?

We are very much on track. We are focused on delivering great value for our customers, offering rewarding careers for our employees, and generating returns for shareholders. Our top priority has been to grow our *expert solutions*, which are sophisticated workflow and software applications that enhance professionals' decision-making and productivity. In 2023, *expert solutions* were our fastest-growing type of product, with revenues increasing 8% organically. Our cloud-based software products grew 15% organically.

Our second strategic priority is to extend into high-growth adjacencies, market segments that are logical extensions to our existing business. Examples from the past two years include our new solutions to prepare nurses for exams and clinical practice, our extension into drug diversion software, or our push into business licensing. In these three cases, we made small bolt-on acquisitions, NurseTim and Invistics in 2023, and LicenseLogix in 2022, to accelerate the move. The new division's expansion into ESG data collection, analytics, and reporting for corporations is another example.

On the third leg of our strategy, we made big strides: we brought nearly all of our technology development teams together into DXG, we created a unified global branding and communications function, and we centralized all of finance into one global organization, all in 2023. We also achieved several of our sustainability goals.

Q

Your strategy states that you intend to advance your ESG performance. What was accomplished in 2023?

Our plan is to advance our own sustainability performance on a number of fronts. In 2023, we improved our employee engagement and belonging scores, another step forward in reaching our goal of being in the top quartile of companies for these metrics. Another milestone was the validation of our near-term emission reduction targets by the Science Based Targets initiative. In this annual report, you will see significantly expanded sustainability disclosures, which bring us closer to alignment with the European Sustainability Reporting Standards (ESRS) and which address many of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). There is more to do, but we made significant progress in 2023.

Q

What is the outlook for 2024?

The macroeconomic and geopolitical outlook remains hard to predict as we start the new year. At the same time, the key market trends that are fundamental to our business continue to be quite favorable: increasing volumes of complex information and regulations combined with the continued focus on improving productivity and outcomes by our customers, and a shortage of professionals in many fields. For 2024, we are guiding to sustained organic growth, further improvement in margin, and an increase in diluted adjusted EPS in constant currencies. Beneath the calm surface, a lot is going on. Product investment will remain high in 2024. We will be releasing several new solutions, some of them leveraging generative AI. I am excited about the opportunities ahead.



Nancy McKinstry

CEO and Chair of the Executive Board
Wolters Kluwer

Expert solutions

8%

organic growth in 2023

Cloud software

15%

organic growth in 2023

Diversity, equity & inclusion

75

belonging score, up 2 points

→ Read about our strategy on [page 7](#)

→ Read our Sustainability statements on [page 89-140](#)

Strategy and business model

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.

Overview

Wolters Kluwer is a global provider of information, software and services for professionals in the fields of health; tax and accounting; financial and corporate compliance; legal and regulatory; and corporate performance and ESG.

Every day, our customers face the challenge of increasing quantities and complexity of information or regulation and the pressure to deliver better outcomes at lower cost. We aim to solve this challenge, add value to their workflow, and support their decision-making with our digital solutions and technology-enabled services. We continuously improve our solutions to meet evolving customer needs, leveraging the latest technologies to provide benefits such as advanced analytics, intuitive interfaces, mobility, flexibility, interoperability, reliability, and open architecture.

Purpose

Our purpose is to deliver impact when it matters most. Every second of every day, our customers face decisive moments that impact the lives of millions of people and shape society. In these crucial moments, we put sound knowledge, deep expertise, and usable data and insights into their hands at the right time and in the right context for their specific set of circumstances. Our solutions help protect people's health, prosperity, and safety and help to build better businesses.

Strategy

Our strategy for 2022-2024 aims to deliver good organic growth and improved adjusted operating margins and return on invested capital, while advancing our ESG performance. Among the ESG goals in our 2022-2024 plan are to drive an improvement in our belonging score, to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and to obtain validated near-term science-based targets. To achieve these goals, our strategic priorities are:

- **Accelerate Expert Solutions:** we are focusing our investments on cloud-based *expert solutions* while continuing to transform selected digital information products into *expert solutions*. We are investing to enrich the user experience of our products by leveraging advanced data analytics and artificial intelligence.
- **Expand Our Reach:** we are seeking to extend into high-growth adjacencies along our customers' workflows and to adapt our existing products for new customer segments. We are working to develop partnerships and ecosystems for our key software platforms.
- **Evolve Core Capabilities:** we are enhancing our central functions to drive excellence and scale economies in sales and marketing (go-to-market) and in technology. We are focused on advancing our ESG performance and capabilities and continuing to invest in diverse and engaged talent to support innovation and growth.

Our strategy is centered on organic investment and growth. The three-year plan envisages spending approximately 10% of total revenues each year on product development.

We also 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, generally 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.



50%

Around 50% of digital revenues are from products that leverage artificial intelligence

Strategy and business model continued

Strategy 2022-2024

Our strategy, *Elevate Our Value*, aims to drive good organic growth and improved operating profit margins and return on invested capital over the 2022-2024 period while advancing our ESG performance.



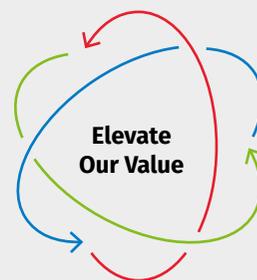
- Drive investment in cloud-based *expert solutions*
- Transform digital information products into *expert solutions*
- Enrich customer experience by leveraging data analytics



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



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



Strategic progress 2023

In 2023, we made important progress on our strategic plans. First, *expert solutions*, which include our software products and certain advanced information solutions, accounted for 58% of total revenues (2022: 56%) and grew 8% organically (2022: 9%). Software solutions accounted for 45% of total revenues (2022: 44%) and grew 8% organically (2022: 9%). Cloud software revenues accounted for 37% of total 2023 software revenues and grew 15% (2022: 17%). Today, around 50% of our digital revenues are from products that leverage artificial intelligence (AI) to drive enhanced value for our customers. During 2023, we stepped up experimentation with large language models (LLMs) and the new scalable generative AI technology, testing dozens of use cases, collaborating with selected customers, and launching beta versions in Health and Legal & Regulatory markets. For much of this work, we are partnering with Microsoft, Google, and other technology suppliers.

Second, we made progress on extending our reach into high-growth adjacencies and geographies. The new Corporate Performance & ESG division, formed in 2023, sets us on a path to extend our enterprise software solutions into corporate workflows for ESG data collection, analysis, reporting, and assurance. In the Health division, the 2023 acquisition of NurseTim bolstered our position in nursing education solutions and test preparation while the 2023 acquisition of Invistics drug diversion detection software broadened our offering in the hospital market.

Third, we took significant steps in 2023 to evolve our core capabilities. We centralized the majority of our product development teams, more than doubling the number of FTEs in our global development organization, Digital eXperience Group (DXG). We also centralized our branding and communications teams and created a unified global finance organization to support the company globally. With regard to our specific ESG objectives, the most notable advances in 2023 were the validation by the Science Based Targets initiative of our near-term emission reduction targets and the improvements in several important social metrics, notably employee turnover, engagement, and belonging.

Strategy and business model continued

Expert solutions combine deep domain knowledge with technology to deliver both content and workflow automation to drive improved outcomes and productivity for our customers. Based on revenues, our largest *expert solutions* are:

- **Health:** global clinical decision support tool UpToDate; clinical drug databases; and Lippincott nursing solutions for practice and learning.
- **Tax & Accounting:** professional tax and accounting software CCH Axcess and CCH ProSystem fx in North America and similar software for professionals across Europe.
- **Financial & Corporate Compliance:** banking compliance solutions ComplianceOne, Expere, eOriginal, and Gainskeeper.
- **Legal & Regulatory:** enterprise legal management solutions Passport and TyMetrix; Legisway; and law firm practice management software Kleos.
- **Corporate Performance & ESG:** environmental, health and safety, and operational risk management (EHS/ORM) suite Enablon; corporate performance platform CCH Tagetik; internal audit solution TeamMate; and finance, risk, and regulatory (FRR) reporting suite OneSumX.

Our business model

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

Our products are used by professionals in over 180 countries across a range of market segments addressed through our five customer-facing divisions. A list of our top *expert solutions* is shown on the left.

Our solutions and services are generally sold by our own sales teams or through selected distribution partners. Our sales forces are specialized by market segment and product groups. For certain software products, we work with a range of third-party implementation partners. We also go to market through telesales, e-commerce, and other digital distribution channels.

Recurring revenue model

Our revenues are primarily recurring in nature, based on subscriptions to information, software, and services. Recurring revenues also include software maintenance fees and other annually renewing revenues. In 2023, 82% of our total revenues were recurring (2022: 80%). Renewal rates for our digital information, software, and services are high and are one of the key indicators by which we measure our success in the market. Alongside recurring revenues, we derive fees from software licenses, implementation and training services, transactional fees, or other non-recurring revenues.

Customer relationships

We view customers as fundamental stakeholders in our business. Long-term customer relationships are the single most important factor for the success of our business, critical to achieving organic growth and maintaining competitiveness.

One of our core company cultural values is to focus on our customers' success. 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 satisfaction primarily by tracking customer retention, subscription 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 2023, renewal rates for our largest subscription-based *expert solutions*, subscription-based digital information products, and subscription-based services were maintained at high levels (above 90%) and the NPS scores for more than half of our top products were maintained or improved.

Employees and talent management

We employ over 21,400 talented and motivated individuals around the world. More than half of our annual operating costs relate to our employees, who create, develop and maintain, sell, implement, and support our solutions and serve our customers.

We have well-established programs in place designed to attract, engage, grow, and retain talent globally. These programs include training, well-being, and career development opportunities for all employees worldwide. In 2023, we launched the Colleague Experience Promise (CxP) a framework that articulates what we provide our employees throughout their careers with the company.

Strategy and business model continued

We track employee engagement and belonging, both measured through an annual employee survey conducted by an independent third party, Microsoft Glint.

In 2023, our employee engagement score improved by 1 point to 78 while our belonging score increased by 2 points to 75. Our long-term objective for both of these measures is to reach the top quartile of companies tracked by Microsoft Glint. A target for belonging was included in management remuneration for the past two years and will again be included in 2024. In 2023, our employee turnover rate improved significantly to 9.8% (2022: 15.3%) in what remains

a fairly competitive global market for technology talent. For information on our own workforce, see *Sustainability statements* on [pages 113-121](#).

Supplier relationships

Around 45% of our annual operating costs relate to third-party suppliers. Our business units work closely with thousands of suppliers and partners globally who provide content, technology, goods, and services that help us deliver our products and services.

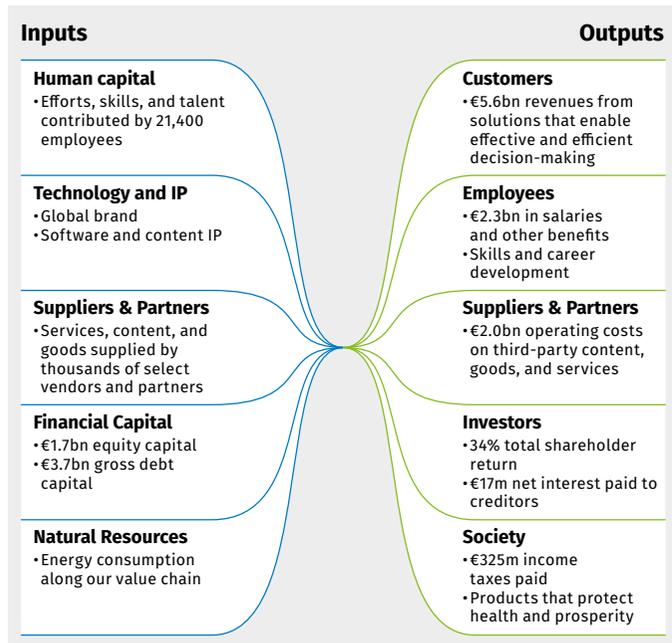
Our Global Business Services (GBS) function is responsible for sourcing and due diligence of technology partners and plays a growing role in assessing and monitoring other categories of suppliers. Suppliers that are managed through GBS are subject to extensive due diligence including security, data privacy, and business continuity. We set high standards when selecting and managing third-party providers.

→ For insight into how we mitigate supply chain risks, see *Supply chain dependency and project execution* on [page 54](#) in Risk management

→ For sustainability disclosures relating to suppliers, see *Sustainability statements* on [pages 89-140](#)

Product development and innovation

Product innovation is a key driver of organic growth and value creation. For over 20 years, we have consistently invested in developing new and enhanced products to solve customer challenges. Our current strategic plan envisages investing approximately 10% of our annual revenues into product development, including capital expenditure and operating expenses.



Comprehensive range of well-being programs for all employees

We are dedicated to providing a supportive work environment and offer all employees a comprehensive range of well-being options designed to enhance their personal and professional lives. This includes the options below:

- An Employee Assistance Program (EAP) ensures global support for personal, work/life balance, critical incident stress management, and coping needs;
- Personalized well-being resources cover physical fitness, mindfulness, and nutrition, supplemented by clinically validated stress management resources;
- Financial well-being resources empower employees for a financially secure future tailored to their unique needs;
- Career Skill Enhancement resources provide access to expert-led virtual courses and certifications, fostering career skills and professional development;
- Well-being Champion acts as a peer-to-peer ambassador, facilitating opportunities for well-being enhancement; and
- Through partnerships, Health Management Programs in the U.S. emphasize education and support for both medical and emotional needs.

In 2023, we organized a global well-being challenge, which engaged employees worldwide in activities that promote in physical fitness, mental health, and overall well-being. The challenge also helped to strengthen team bonds globally.

Strategy and business model continued

Innovation is supported by our central product development team, the Digital eXperience Group, which works closely with our business units and our customers to build new features, modules, and platforms. DXG uses a customer-centric, contextual design process to develop solutions based on the scaled agile framework. DXG currently has six centers of excellence: user experience, artificial intelligence, IP and patents, architecture and asset reuse, quality engineering, and application security. Our technology architecture is increasingly based on globally scalable platforms that use standardized components. New solutions are built cloud-first.

We measure innovation by monitoring product development spending and progress against product roadmaps at the business unit level. In 2023, product development spending increased in constant currencies to reach 11% of total revenues, slightly higher than envisaged under our current strategic plan. Key product launches during 2023 include vrClinicals for Nursing, CCH Access Engagement, CCH Tagetik Global Minimum Tax, Enablon ESG Excellence, and OneSumX for Basel IV. This was followed in early 2024 by CT Corporation's new solution for compliance with the new U.S. beneficial ownership reporting rules. During 2023, we invested in deploying new generative AI technology into our solutions and launched our first beta versions of Gen AI applications for UpToDate and two legal solutions.

We foster idea generation through our annual Global Innovation Awards (GIA), which rewards teams who develop innovative solutions that improve customer outcomes and experiences or transform our own internal processes. Each year, hundreds of employees participate in the challenge, putting their creativity to work in collaboration with colleagues.

<i>product innovation</i>	2023	2022	2021
Product development spending, % of revenues	11%	11%	10%
Global Innovation Awards, number of submissions	662	453	154
Global Innovation Awards, number of finalists	14	13	16
Global Innovation Awards, number of winners	6	5	6

In 2023, the Global Innovation Awards attracted more than 660 entries. Fourteen product and process innovation concepts were selected as finalists, and, of these, six ideas were selected for special recognition. For our software developers around the world, we organize an annual coding competition (Code Games).

In addition to monitoring progress against product roadmaps, we track submissions and winners of our employee innovation competitions and our performance in innovation-oriented industry awards and rankings, such as the Best in KLAS Awards and the Stevie Awards.

Responsible artificial intelligence

Artificial intelligence is used in several of our products where it benefits human experts working in complex professional fields. We use natural language processing (NLP), machine learning (ML), deep learning (DL), and virtual assistants (bots) in many of our solutions in order to augment and streamline customer workflows and provide new or improved insights.



Customer case

New Milan office: enhancing well-being and reducing emissions

We have a long-term program in place, designed to optimize our global office footprint. This program aims to provide employees a positive workplace experience while streamlining operating costs, meeting environmental standards, and reducing our greenhouse gas (GHG) emissions.

In 2023, this program achieved a 5% underlying reduction in our real estate footprint as measured in square meters, resulting in a 8% reduction in our scope 1 and scope 2 GHG emissions. In coming years, this program will support us in achieving our near-term SBTi targets for these scopes, while also enhancing the well-being of our employees.

Our new leased office in Milan exemplifies all of the program's objectives. The new building adheres to the LEED V4 BD+C protocol, which emphasizes eco-conscious construction, and holds a Well Building Standard (WELL) certification, the world's leading health-focused building standard. It is also certified for advanced digital infrastructure, showcasing our holistic approach to sustainability and employee well-being. It is equipped with a Siemens Building Management System (BMS) to optimize energy consumption by monitoring and automating plant engineering systems.

The architecture of the new Milan office promotes the well-being and safety of its occupants. The design incorporates spacious terraces, large communal areas, and windows that can be opened, providing a pleasant environment for high-quality work. Conveniently located near public transport and equipped with electric charging stations, the office supports sustainable commuting. Inside, eco-friendly features such as recycled office materials, potable water sources, waste separation areas, and energy-efficient LED lighting create an environmentally-conscious workspace.

Strategy and business model continued

We also deploy other advanced technologies, such as digital twins and robotic process automation (RPA) to the benefit of customers. In 2023, around 50% of our digital revenues were from solutions that incorporate these various forms of AI.

As a company that holds ethics and good governance in high regard, we are committed to developing artificial intelligence in an ethical and responsible manner. We have developed an Artificial Intelligence Assurance Framework and Responsible Artificial Intelligence Principles that incorporate key principles such as privacy and security, transparency and explainability, governance and accountability, fairness, non-discrimination, and human-centeredness. The Responsible AI Framework and principles lead us to embed good practices throughout the design, development, use, and evaluation of AI-enabled solutions. We actively monitor legislative developments such as the EU Artificial Intelligence Act and ethics guidelines issued by organizations and expert working groups to ensure we are aware of evolving best practices in this area.

Cybersecurity

Customers rely on us to deliver our platforms and services safely and reliably while safeguarding their data. We are committed to protecting the personal and professional information of our employees, customers, and partners. We manage a global information security program built on people, processes, and technology and designed to protect our organization, products, and customers. The security program has a three-tiered management structure. It is overseen by our Security Council which is comprised of senior leaders from the five divisions and from functional areas. Our Chief Information Security Officer is responsible for managing and monitoring the overall program. Our Technology Council implements initiatives and, together with dedicated taskforce

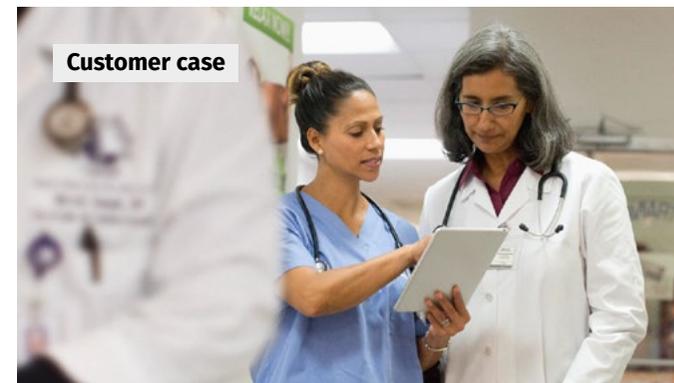
groups, drives global alignment to the program's objectives. We perform regular information security risk assessments to assess and evaluate the effectiveness of the security program.

The program is assessed annually by an independent third party, allowing us to measure our performance each year with a cybersecurity maturity score. Since 2020, the cybersecurity maturity score has been based on the National Institute of Standards and Technology, Cybersecurity Framework (NIST-CSF) which is a risk-based model.

A target for our cybersecurity maturity score has been included in Executive Board and senior management remuneration for the past three years and will again be included in 2024. In 2023, the cybersecurity maturity score increased, exceeding the target for the year. Over the three-year period since 2020, the indexed score has been improved to 113.8 compared to the base year (2020 = 100.0). For more information, see *Remuneration report*.

We have a cross-functional global information security incident response team that promptly analyzes security incidents, assesses the potential impact, determines if any immediate risks exist, and takes prompt actions to mitigate any harm to the company. 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.

For select systems, applications, and services, we have achieved over 85 attestations and certifications, most notably SOC 1 Type 1, SOC 2 Type 2, HITRUST, FedRAMP, CSA STAR, and MSDPR. In addition, some of our locations that support IT operations and some of our products have attained ISO 27001 certification.



Customer case

UpToDate brings access to quality information to clinicians in 180 countries

Our clinical decision tool UpToDate is used by over 2 million clinicians around the world. To ensure highest quality, transparency, and clarity of its evidence-based content, UpToDate follows a rigorous editorial policy and process.

UpToDate content, which covers more than 12,000 topics across 25 medical specialties, is developed by more than 7,000 contributing experts, leading practitioners in their respective fields, who work with our in-house team of editors, led by an editor-in-chief. Editors perform a continual review of over 400 of the top, peer-reviewed medical journals, as well as key clinical databases and other resources. Topics are updated when new evidence or information emerges but only after careful and extensive review by our expert contributors who can provide context and clinical guidance. Each UpToDate specialty area has dedicated reviewers responsible for anonymous peer review of selected topics. UpToDate user comments are also reviewed and incorporated into topics where appropriate or necessary.

This layered, iterative review process allows us to ensure the content addresses the relevant clinical questions; meets editorial standards for quality, clarity, and usability; and is free from commercial bias.

→ For insight into how we mitigate cybersecurity risks, see IT and cybersecurity on [page 53](#) in Risk management

2024 Outlook

Our specific guidance for 2024 is provided below.

We expect sustained good organic growth in line with prior year and a further modest increase in the adjusted operating profit margin. Margin improvement is expected to be realized in the second half of the year, mainly due to timing of investments. Our group-level guidance for 2024 is shown in the table below:

<i>performance indicators</i>	2024 guidance	2023 actual
Adjusted operating profit margin (%)	26.4-26.8	26.4
Adjusted free cash flow (€ million)	1,150-1,200	1,164
ROIC (%)	17.0-18.0	16.8
Diluted adjusted EPS growth	Mid to high single digit	12%

Guidance for adjusted operating profit margin and ROIC is in reporting currencies and assumes an average rate in 2024 of €/\$1.11. Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/\$ 1.08). Guidance reflects share repurchases of €1 billion in 2024.

In 2023, Wolters Kluwer generated over 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2023 currency profile, each 1 U.S. cent move in the average €/\$ exchange rate for the year causes an opposite change of approximately 3 euro cents in diluted adjusted EPS¹.

We include restructuring costs in adjusted operating profit. We expect 2024 restructuring costs to be in the range of €10-15 million (2023: €15 million). We expect adjusted net financing costs² in constant currencies to increase to approximately €60 million. We expect the benchmark tax rate on adjusted pre-tax profits to increase and to be in the range of 23.0%-24.0% (2023: 22.9%).

Capital expenditures are expected to remain at the upper end of our guidance range of 5.0%-6.0% of total revenues (2023: 5.8%). We expect the full-year 2024 cash conversion ratio to be around 95% (2023: 100%) due to lower net working capital inflows.

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

2024 Outlook by division

Our guidance for 2024 organic growth by division is summarized below. We expect the increase in group adjusted operating profit margin to be driven primarily by our Health, Legal & Regulatory, and Corporate Performance & ESG divisions in 2024.

Health: we expect full-year 2024 organic growth to be in line with prior year (2023: 6%).

Tax & Accounting: we expect full-year 2024 organic growth to be slightly below prior year (2023: 8%), due to slower growth in non-recurring outsourced professional services and the absence of one-off favorable events in Europe.

Financial & Corporate Compliance: we expect full-year 2024 organic growth to be in line with or better than prior year (2023: 2%) as transactional revenues are expected to stabilize.

Legal Regulatory: we expect full-year 2024 organic growth to be in line with prior year (2023: 4%).

Corporate Performance & ESG: we expect full-year 2024 organic growth to be better than in the prior year (2023: 9%) as Finance, Risk & Reporting revenues stabilize.

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 Adjusted net financing costs include lease interest charges. Guidance for adjusted net financing costs in constant currencies excludes the impact of exchange rate movements on currency hedging and intercompany balances.

Organizational structure

Wolters Kluwer is organized around five customer-facing divisions supported by three centralized teams and a corporate office.

Executive Board & Corporate Office



Health

- Clinical Solutions
- Health Learning, Research & Practice

€1.5bn

revenues 2023



Tax & Accounting

- North America
- Europe
- Asia Pacific & ROW

€1.5bn

revenues 2023



Financial & Corporate Compliance

- Legal Services
- Financial Services

€1.1bn

revenues 2023



Legal & Regulatory

- Information Solutions
- Software

€0.9bn

revenues 2023



Corporate Performance & ESG

- EHS/ORM
- Corporate Performance, Internal Audit, and FRR

€0.7bn

revenues 2023

Global Growth Markets

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

180+

FTEs

Digital eXperience Group

- Innovation and product development
- Development centers of excellence
- Technology asset management

4,500+

FTEs

Global Business Services

- Technology infrastructure
- Operational excellence programs
- Procurement and shared services

1,200+

FTEs

Operating costs and FTEs of Global Growth Markets, Digital eXperience Group, and Global Business Services are allocated to the customer-facing divisions.

Executive team



Health

Stacey Caywood *CEO*

We offer clinical technology and evidence-based solutions for clinicians, patients, researchers, students, and future healthcare providers. Our focus is on clinical effectiveness, research, learning, surveillance, compliance, and data solutions. Our proven solutions drive effective decision-making and consistent outcomes in healthcare.

Customers include hospitals, healthcare organizations, students, clinicians, schools, libraries, payers, life sciences, and pharmacies.

Product brands include UpToDate, Lippincott, Medi-Span, Ovid, and Health Language.



Tax & Accounting

Jason Marx *CEO*

We empower tax and accounting professionals, and governing authorities to grow, manage, and protect their business and clients. Our solutions combine domain expertise, advanced technology, and workflows for compliance, productivity, management, and client relationships.

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

Product brands include CCH AnswerConnect, CCH Axxess, ADDISON, CCH iFirm, A3 Software, Genya, Twinfield, CCH ProSystem fx, and ATX.



Financial & Corporate Compliance

Steve Meirink *CEO*

We provide financial institutions, corporations, small businesses, and law firms with solutions to help meet regulatory and legal obligations, improve efficiency, and achieve better outcomes. We offer technology-enabled services and software solutions for loan compliance, regulatory compliance, legal entity management, and corporate services.

Customers include corporations and small businesses, law firms, banks, non-bank lenders, insurers, brokers, and other financial institutions.

Product brands include CT Corporation, BizFilings, eOriginal, ComplianceOne, Lien Solutions, Expere, GainsKeeper, and Wiz.



Legal & Regulatory

Martin O'Malley *CEO*

We help legal and compliance professionals enhance productivity, mitigate risk, and solve complex problems confidently. With expert information and advanced technologies, we enable professionals to thrive in the ever-changing fields of legal and regulatory compliance.

Customers include law firms, corporate legal departments, notaries, universities, and government agencies.

Product brands include VitalLaw, Passport, TyMetrix 360°, Kleos, Legisway, LEX, ONE, Schulinck, Wolters Kluwer Online, Kluwer Law International, and InView.



Corporate Performance & ESG

Karen Abramson *CEO*

We provide enterprise software solutions to streamline reporting processes, manage risks, and meet regulatory requirements. Our comprehensive suite of tools and services provide professionals in finance, environment health and safety, operational risk management, regulatory reporting, risk and compliance, and internal audit with integrated financial, operational, and ESG performance management and reporting solutions.

Customers include corporate finance, audit, planning, risk, EHS/ORM, and sustainability professionals in corporations, banks, and governments.

Product brands include CCH Tagetik, Enablon, TeamMate, and OneSumX.

Executive team continued



Global Growth Markets

Cathy Wolfe *President & CEO*

Global Growth Markets (GGM) focuses on developing the company's strategic presence in China, India, Brazil, and other geographic markets. GGM's mission is to apply local market knowledge to service professionals with global and local *expert solutions*.



Digital eXperience Group

Dennis Cahill *CTO*

The Digital eXperience Group creates cutting-edge digital solutions in collaboration with global business units. Our mission is to accelerate innovation and leverage technology investments. We drive innovation through six centers of excellence: user experience, artificial intelligence, IP & patent, architecture & asset reuse, quality engineering, and application security.



Global Business Services

Andres Sadler *CEO*

Global Business Services (GBS) improves and transforms our internal technology infrastructure, including IT operations, workplace technologies, cybersecurity, IT architecture, engineering services, and network and enterprise systems. GBS supports the company's digital transformation in technology, strategic sourcing, procurement, operational excellence, collaboration services, analytics, and events.

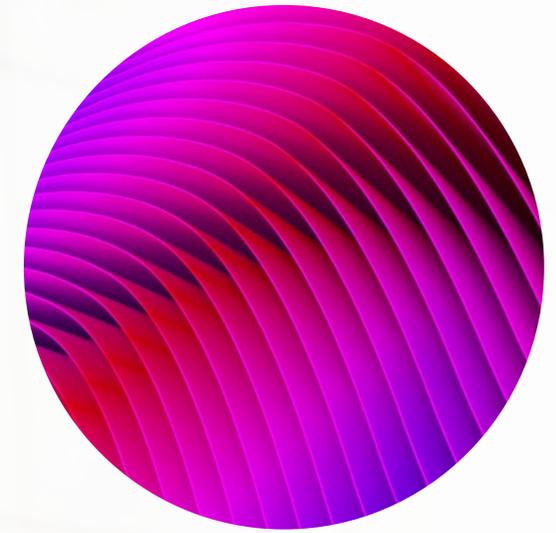


Corporate office

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



Innovative solutions for better health outcomes

Supporting professionals across the healthcare ecosystem with leading technology to provide the best evidence-based patient care.



Customer case



HPMC and Sentara drive quality improvement with Ovid Synthesis

Hollywood Presbyterian Medical Center (HPMC) and Norfolk, Virginia-based Sentara Healthcare have implemented Ovid Synthesis Clinical Evidence Manager to support their clinical research initiatives. Ovid Synthesis Clinical Evidence Manager is a cloud-based, AI-enabled workflow tool that increases the efficiency of the entire clinical research process, from streamlining literature review and evidence appraisal to increasing collaboration between departments and facilitating decisions about dissemination.

Sentara is using the solution in its Nurse Residence Program. The Director of Library Services at Sentara commented, "Sentara has used Ovid for years to help our clinicians with research. We have now added Ovid Synthesis Clinical Evidence Manager to assist with all our clinical research and tracking, as well as compliance for Magnet recognition and renewal. Based on our experience, we anticipate productive research support from this new product".

HPMC is leveraging Ovid Synthesis Clinical Evidence Manager to support its implementation of Shared Governance. The Director of Education at HPMC remarked, "We are investing in Ovid to support the education department as well as assisting in the rollout of Shared Governance throughout the medical center. The Shared Governance rollout is a collaboration between our caregivers and leadership to improve patient care, streamline the work environment, and ensure the most accurate, up-to-date information is available to the care teams. Ovid Synthesis is a key element in this initiative".

Business overview

Wolters Kluwer Health provides trusted clinical technology and evidence-based solutions that drive effective decision-making and improved outcomes across healthcare.

We support millions of clinicians, patients, researchers, and students around the world.

Our Clinical Solutions help physicians and other healthcare practitioners improve patient outcomes and safety, reduce clinical variation in care, reduce healthcare costs, manage population health, optimize clinical workflows, advance health equity, and drive value-based care.

Our Health Learning, Research & Practice business supports the advancement of clinical knowledge and the discovery of new drugs and medical treatments. Our learning solutions help educate millions of doctors, nurses, and other healthcare professionals around the world each year.

Market trends

- Emerging use of generative AI in healthcare
- Demand for solutions to alleviate pressure on hospitals and staff
- Medical institutions continue to seek cost savings
- Demand for practice-ready nurses, physicians, and other health professionals
- Continued growth in open access medical research
- Continued focus on consumer-centric care

“

2024 will be a watershed year for generative AI in healthcare and we aim to play a major part.



Stacey Caywood
CEO Wolters Kluwer Health



Health

continued

Review of 2023 performance

- Clinical Solutions sustained 7% organic growth.
- Health Learning, Research & Practice grew 5% organically.
- Margin reflects operational gearing and mix shift, partly offset by higher personnel costs.

Wolters Kluwer Health revenues increased 7% in constant currencies and 6% organically (2022: 5%). Adjusted operating profit increased 8% in constant currencies and 7% on an organic basis. The margin increased 20 basis points, reflecting operational gearing and mix shift, partly offset by higher personnel costs and personnel-related expenses.

Operating profit increased 8% overall, reflecting the increase in adjusted operating profit and the absence of impairments of acquired identifiable intangible assets recorded in the prior year.

Clinical Solutions (55% of divisional revenues) delivered 7% organic revenue growth (2022: 7%). Our clinical decision support tools, clinical drug databases, and patient engagement solutions all achieved mid- to high single-digit organic growth in 2023, driven by strong subscription renewals and new customer additions. European revenues for UpToDate achieved double-digit organic growth. Revenues in surveillance, compliance, and medical terminology solutions remained soft. On June 7, 2023, we acquired Invistics, a U.S. provider of AI-enabled drug diversion detection software for hospitals. In October 2023, we launched the first beta version of UpToDate leveraging generative AI technology (AI Labs).

Health Learning, Research & Practice (45% of divisional revenues) achieved 5% organic revenue growth (2022: 3%), as Ovid benefitted from new revenues generated under the *New England Journal of Medicine* digital distribution contract won in 2022. Across all journals, growth was led by digital subscriptions and open access fees, which more than offset declines in print subscriptions, advertising, and reprints. Ovid Synthesis Clinical Evidence Manager, launched in 2022, continued to add new customers. In education and practice, organic growth moderated due to print book revenues which declined 3% (2022: growth of 16%). Our nursing business was expanded with the acquisition of educational solutions and test preparation provider NurseTim in January 2023.

Our customers

Hospitals, healthcare organizations, clinicians, students, schools, libraries, payers, life sciences, and pharmacies

Top products

Clinical Solutions: UpToDate clinical decision support, Medi-Span and other drug databases, patient engagement, Senti7, Simplifi+, and Health Language

Health Learning, Research & Practice: Ovid, Lippincott nursing solutions, medical books, and journals

→ Complete list of Health solutions
<https://www.wolterskluwer.com/en/health>



Selected awards 2023

Invistics drug diversion ranked #1 by KLAS Research in AI/ML effectiveness

Senti7 and Simplifi+ received Black Book award for top client satisfaction

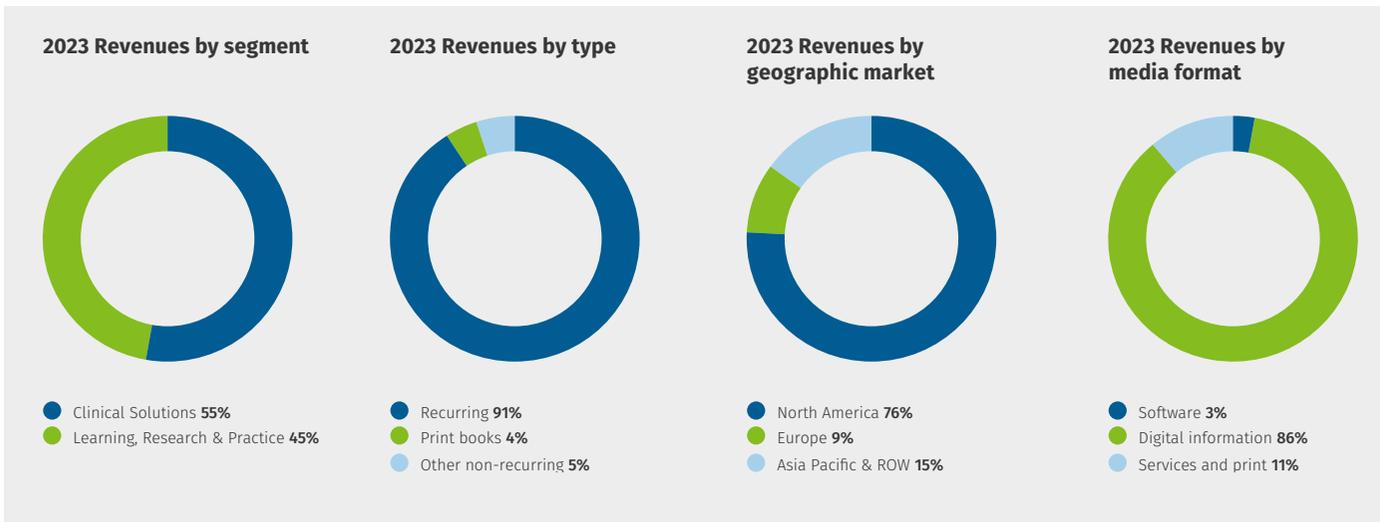
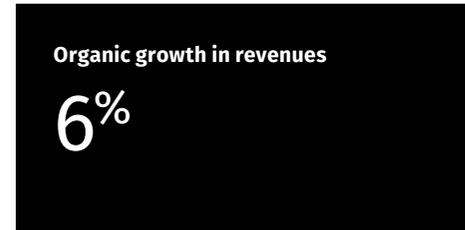


Health continued

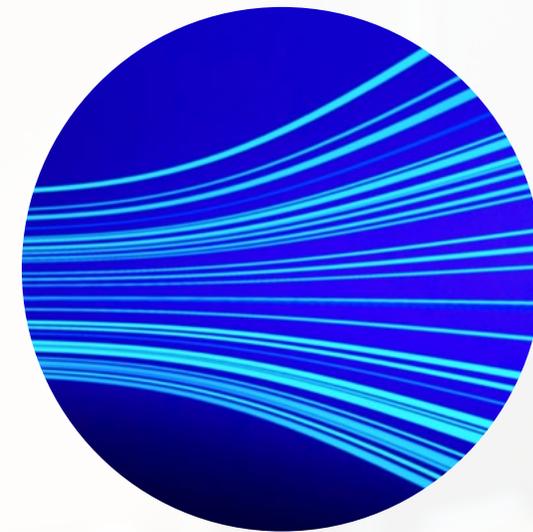
Health – Year ended December 31

€ million, unless otherwise stated	2023	2022	Δ	Δ CC	Δ OG
Revenues	1,508	1,448	+4%	+7%	+6%
Adjusted operating profit	454	434	+5%	+8%	+7%
Adjusted operating profit margin	30.1%	29.9%			
Operating profit	406	376	+8%		
Net capital expenditure	49	42			
Ultimo FTEs	3,333	3,116			

Δ: % Change; Δ CC: % Change in constant currencies (€/\$ 1.05); Δ OG: % Organic growth.



Tax & Accounting



Expert solutions to optimize tax and accounting processes

Software delivering deep domain knowledge and workflow automation to ensure compliance, improve productivity, and strengthen client relationships.



Randall L. Sansom increases efficiency with CCH Access

Randall L. Sansom CPAs, a professional accounting firm based in Florida, uses Wolters Kluwer's U.S. cloud-based solution suite, CCH Access, to manage its practice and support its operations, with both its administrative staff and its tax advisors using a variety of software modules, including CCH Access Practice for firm management, CCH Access Tax for calculations and filing, Workstream for scheduling, and CCH Answer Connect for research.

The CCH Access platform is the only complete cloud solution in the U.S. market today that provides a seamless platform for tax, audit, and firm management. The product has had a significant impact on Randall L. Sansom's productivity, enabling the firm to focus on providing high-value expertise to their clients. With CCH Access, the efficiency gains the firm has achieved has resulted in hours of saved time and improved the work/life balance of staff. Since implementing CCH Access, the firm's staff can complete more work with fewer people.

According to the firm's CEO, "With the entire array of products that we have, we're saving between one and two hours on the tax preparer side of things that an admin person is able to do. And it has cut down on my admin time, at least 45 minutes to an hour and a half, depending on the size of the return. Compared to when I started eight years ago, we're doing double the amount of returns with less staff, which is amazing".

Business overview

Wolters Kluwer Tax & Accounting enables professionals in tax and accounting firms of all sizes to grow, manage, and protect their business and their clients' businesses.

Our *expert solutions* support the digitization of workflows and enable collaboration, ultimately driving efficiencies and better results.

In our Tax & Accounting businesses around the world, we serve tax and accounting firms with cloud-based and on-premise software suites, research solutions, and professional services to support professional workflows, including compliance, audit, and firm management. Our customers also include businesses, government agencies, and academia.

Market trends

- **Firms turning to advanced and intelligent technologies to drive efficiency and enable higher value work**
- **Continued rise in regulatory intensity and complexity**
- **Cloud solutions starting to mature with the focus shifting from migration to adoption**
- **Continued shortage of professionals driving accounting firm demand for efficiency solutions**

“

Our unwavering focus on innovation helps improve how professionals work, make critical decisions, and plan for the future of their businesses.



Jason Marx
CEO Tax & Accounting



Tax & Accounting continued

Review of 2023 performance

- Organic growth 8%, with all regions performing well.
- Cloud software revenues grew 17% organically.
- Margin stable, despite increase in personnel costs and related expenses.

The Tax & Accounting division is now focused on professional accounting firms, as the corporate performance (CCH Tagetik and U.S. Corporate Tax) and internal audit (TeamMate) units were moved to the new Corporate Performance & ESG division.

Wolters Kluwer Tax & Accounting revenues increased 8% in constant currencies and 8% on an organic basis (2022: 8% pro forma). Adjusted operating profit increased 8% in constant currencies and 8% on an underlying basis. The margin increased 10 basis points, as operational gearing was offset by higher personnel costs and related expenditures.

Operating profit increased 6%, largely reflecting the development of adjusted operating profit.

Tax & Accounting North America (59% of divisional revenues) achieved 8% organic growth (2022: 10% pro forma) driven by the continued strong customer uptake of CCH Access cloud software modules, in particular Tax, Document, Practice, and Workflow. Our U.S. cloud-based audit solution, CCH Access Engagement, first launched in 2022, continued to gain early adopters. Our on-premise software solutions saw slower organic growth. Non-recurring outsourced professional services revenues grew well, but at a more moderate pace than in the prior year. Our U.S. publishing unit recorded low single digit organic growth.

Tax & Accounting Europe (35% of divisional revenues) delivered 7% organic growth (2022: 6%) supported by strong renewals and new sales and boosted by one-off revenues related to property tax changes in Germany and government stimulus programs in Spain. Cloud software, including hybrid-cloud solutions, grew 14% organically.

Tax & Accounting Asia Pacific and Rest of World (6% of divisional revenues) revenues were up 5% organically (2022: 6%), buoyed by non-recurring revenue growth in China and India.

Our customers

Accounting firms, tax and auditing departments, businesses of all sizes, government agencies, libraries, and universities

Top products

North America: CCH Access, CCH ProSystem fx, CCH Access Engagement, CCH Access Workflow, and CCH AnswerConnect

Europe, Asia Pacific, and ROW: A3 Software, ADDISON, CCH iFirm, Genya, and Twinfield

→ **Complete list of Tax & Accounting solutions**
<https://www.wolterskluwer.com/en/tax-and-accounting>



Selected awards 2023

CCH iFirm named a Bronze Stevie Award winner for Innovation in Digital Transformation at APAC Stevie Awards

CCH Access Engagement named a 2023 Artificial Intelligence Award winner by the Business Intelligence Group



Tax & Accounting continued

Tax & Accounting – Year ended December 31

€ million, unless otherwise stated	2023	2022	Δ	Δ CC	Δ OG
Revenues	1,466	1,394	+5%	+8%	+8%
Adjusted operating profit	479	455	+5%	+8%	+8%
Adjusted operating profit margin	32.7%	32.6%			
Operating profit	460	434	+6%		
Net capital expenditure	74	67			
Ultimo FTEs	7,276	6,693			

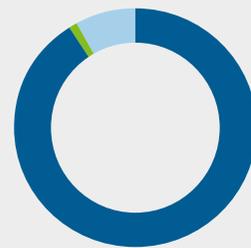
Δ: % Change; Δ CC: % Change in constant currencies (€/\$ 1.05); Δ OG: % Organic growth. 2022 figures are pro forma.

2023 Revenues by segment



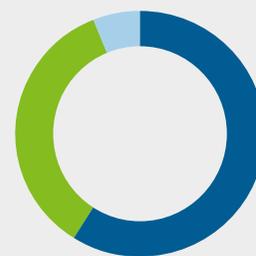
- Tax & Accounting North America 59%
- Tax & Accounting Europe 35%
- Tax & Accounting AsiaPac & ROW 6%

2023 Revenues by type



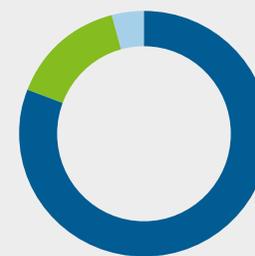
- Recurring 91%
- Print books 1%
- Other non-recurring 8%

2023 Revenues by geographic market



- North America 59%
- Europe 35%
- Asia Pacific & ROW 6%

2023 Revenues by media format



- Software 81%
- Digital information 15%
- Services and print 4%

Organic growth in revenues

8%

Recurring

91%

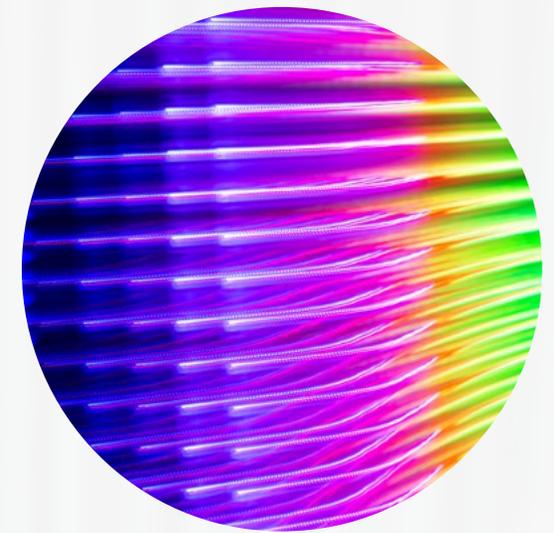
recurring revenues as % of division total

Software

81%

software revenues as % of division total

Financial & Corporate Compliance



Technology-enabled services and solutions

Expert compliance services and software solutions for financial institutions, corporations, small businesses, and law firms.



Customer case



Rubicon Technologies ensures business license compliance with CT Corporation

Rubicon Technologies, a NYSE-listed company, is a leading provider of software-based waste, recycling, and fleet operations products for firms and governments worldwide, with over 13 million service locations. Rubicon wanted to ensure it was fully compliant with a key corporate services requirement ahead of its IPO in 2022, and to do this, they turned to CT Corporation, a leading U.S. provider of legal entity management and corporate service solutions.

Specifically, Rubicon needed time-sensitive support to ensure compliance with its business license filings. It was critical for the company to demonstrate that all business licensing requirements were met ahead of its listing on the NYSE. CT stepped in to run a full assessment on Rubicon's business licenses, identifying any gaps in required documentation and seamlessly reinstating key filings. CT ensured the company was in full compliance in advance of a critical business event, driving key value for the customer. To ensure ongoing adherence to a vast set of business license requirements, CT enrolled Rubicon in its managed service offering, providing proactive oversight of the company's business license portfolio.

With over 75,000 federal, state, and local jurisdictions in the U.S. driving distinct business license obligations, CT has the unique domain expertise to navigate these complex requirements with ease, providing critical assurance for its business customers.

Business overview

Wolters Kluwer Financial & Corporate Compliance (FCC) provides financial institutions, corporations, small businesses, and law firms with solutions that enable compliance with ever-changing regulatory and legal obligations, improve efficiency, and help achieve better business outcomes.

The division offers technology-enabled expert services and software solutions focused on loan compliance, regulatory compliance, legal entity management, and corporate services.

In Legal Services, we provide corporations, small businesses, and law firms with the full set of legal entity management and corporate services, including business licenses.

In Financial Services, we support banks, non-bank lenders, credit unions, insurers, and securities firms of all sizes with a wide array of loan compliance and regulatory compliance solutions, including lien solutions.

Market trends

- Increasing regulatory complexity for banks and corporations
- Rising emphasis on compliance expertise and capabilities
- Accelerating digital adoption trends across banking and legal workflows
- Growing appetite for cloud-based, integrated solutions
- Ongoing imperative for operating efficiency

“

Our technology-enabled compliance solutions help enhance the safety and efficiency of commerce and banking.



Steve Meirink
CEO Financial & Corporate Compliance



Financial & Corporate Compliance

continued

Review of 2023 performance

- Organic growth 2%, supported by 7% growth in recurring revenues.
- Transactional and other non-recurring revenues declined 6% organically.
- Margin increase reflects tight cost control and favorable revenue mix.

The Financial & Corporate Compliance division is now comprised of CT Corporation, which provides registered agent and other services to U.S. corporations, small businesses, and law firms, and Compliance Solutions (including Lien Solutions), which provides software and services to banks and other lenders. These businesses were part of the former Governance, Risk & Compliance division.

Financial & Corporate Compliance revenues increased 2% in constant currencies, including a modest effect from the full year inclusion of mortgage software provider International Document Services (IDS), acquired on April 8, 2022. Organic growth was also 2% (2022: 4% pro forma). The adjusted operating profit margin increased 160 basis points, as careful cost control and favorable revenue mix helped mitigate the impact of higher product investment.

Operating profit increased 5%, largely reflecting the development of adjusted operating profit.

Legal Services (57% of divisional revenues) posted 2% organic growth (2022: 2% pro forma) with 8% organic growth in recurring service subscriptions (2022: 7% pro forma) to a large extent offset by a 9% decline in Legal Services (LS) transactional revenues (2022: decline of 4% pro forma).

LS transactional revenues were impacted by the downturn in U.S. M&A and IPO activity which began in the second half of 2022. In January 2024, CT Corporation launched a dedicated platform to support the filing needs of U.S. businesses impacted by the beneficial ownership reporting rule of the new U.S. Corporate Transparency Act.

Financial Services (43% of divisional revenues) achieved 2% organic growth (2022: 6% pro forma), supported by 5% organic growth in recurring revenues (2022: 7% pro forma). Financial Services (FS) transactional and other non-recurring revenues declined 3% organically compared to growth in the prior year (2022: 4%). Compliance Solutions transactional fees were affected by the market-wide downturn in U.S. loan originations, including mortgages, while Lien Solutions revenues were flat against a challenging comparable (2022: 14% growth).

Our customers

Corporations, small businesses, law firms, banks, non-bank lenders, credit unions, insurers, and securities firms

Top products

Legal Services: CT Corporation

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

→ For more information on FCC
www.wolterskluwer.com/en/about-us/organization/financial-and-corporate-compliance



Selected awards 2023

Compliance Solutions named Category Leader in Regulatory Intelligence in Chartis RiskTech100® Rankings

Wolters Kluwer FCC recognized with ABF Journal's 2023 Most Innovative Companies designation



Financial & Corporate Compliance continued

Financial & Corporate Compliance – Year ended December 31

€ million, unless otherwise stated	2023	2022	Δ	Δ CC	Δ OG
Revenues	1,052	1,056	0%	+2%	+2%
Adjusted operating profit	403	387	+4%	+7%	+7%
Adjusted operating profit margin	38.3%	36.7%			
Operating profit	383	363	+5%		
Net capital expenditure	58	52			
Ultimo FTEs	3,056	3,122			

Δ: % Change; Δ CC: % Change in constant currencies (€/\$ 1.05); Δ OG: % Organic growth. 2022 figures are pro forma.

Organic growth in revenues

2%

Recurring

67%

recurring revenues as % of division total

Software

47%

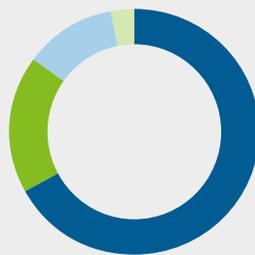
software revenues as % of division total

2023 Revenues by segment



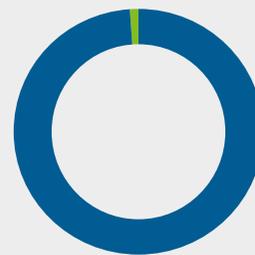
● Legal Services 57%
● Financial Services 43%

2023 Revenues by type



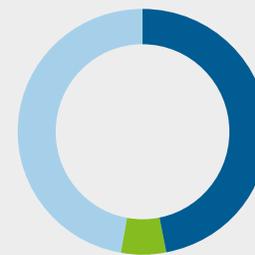
● Recurring 67%
● Legal Services transactional 18%
● Financial Services transactional 12%
● Other non-recurring 3%

2023 Revenues by geographic market



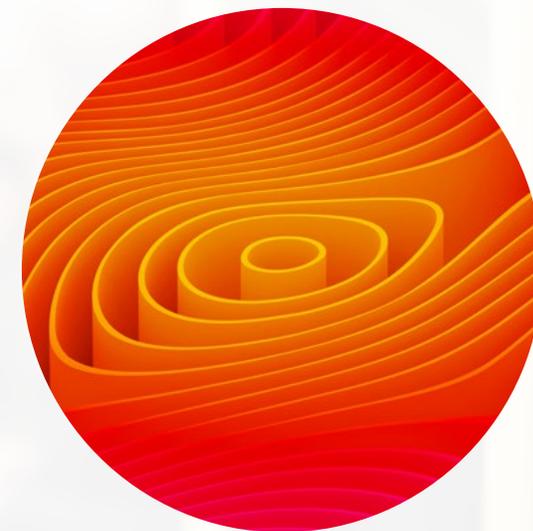
● North America 99%
● Europe 1%

2023 Revenues by media format



● Software 47%
● Digital information 6%
● Services and print 47%

Legal & Regulatory



Legal and regulatory insights and solutions

Actionable insights and integrated solutions that streamline legal and regulatory research, analysis, and workflow.



Customer case



Adtalem improves legal matter and spend management with TyMetrix 360°

Adtalem Global Education is a leading healthcare educator that collaborates with organizations to offer academic curriculums, certifications, and training programs across various medical sectors around the world. Adtalem wanted to improve their invoice and accrual processes, including billing guideline compliance. The company selected TyMetrix 360°, part of Wolters Kluwer ELM Solutions, as the partner to improve their operations. TyMetrix 360° is a SaaS-based e-billing and matter management solution that simplifies a company's legal billing and streamlines managing matters.

After Wolters Kluwer established an integration between Salesforce and TyMetrix 360°, users gained increased transparency and efficiencies due to all matter and financial data being accessible on a single platform, enabling reporting and dashboarding that aggregates all information. Director of Legal Operations at Adtalem commented, "The impact of these projects has been tremendous for us. We have saved money, we have reduced our overall outside counsel spend because we're not paying for things we shouldn't be paying for, and we are getting a better handle on what we're spending because our invoices are all running through the system".

Since integrating TyMetrix 360°, Adtalem has realized \$1.5 million year-one savings from line-item adjustments, a 25% reduction in overall outside counsel spend within 12 months, 100% vendor compliance, and automated accruals and payment processing file creation which saves two FTEs one workweek monthly.

Business overview

Wolters Kluwer Legal & Regulatory enables legal and compliance professionals to improve productivity and performance, mitigate risk, and solve complex problems with confidence.

Our legal information solutions enable law firms, corporate legal departments, universities, and governments to streamline legal research, analyses, and workflows. This enhances legal and regulatory decision-making and outcomes, ensuring more transparent, just, and safe societies.

Legal & Regulatory's Enterprise Legal Management (ELM) solutions support corporate legal operations in increasing efficiency and saving costs. Our legal practice management software for law firms enables lawyers to streamline their legal workflow processes, from document management to time keeping and billing.

Legal & Regulatory information solutions provide our customers with the trusted information, insights, and analytics they can rely on to make sound decisions.

Market trends

- Customers expect advanced, AI-based features embedded in legal information solutions and software
- Customers are adopting cloud-based technology to enable connectivity and enhance productivity
- Volume and complexity of regulation continue to rise
- Law firms face new competitors
- Corporate law departments and legal operations continue to streamline their internal processes by leveraging technology
- Corporate legal departments and law firms are under pressure to increase productivity

“

We're committed to empowering our customers with the highest quality content and the latest AI technology.



Martin O'Malley
CEO Legal & Regulatory



Legal & Regulatory continued

Review of 2023 performance

- Organic growth 4%, led by 8% growth in digital subscription revenues.
- Legal & Regulatory Software (23% of divisional revenues) grew 5% organically.
- Margin reflects operational gearing and cost control partly offset by increased investment.

The Legal & Regulatory division now includes Enterprise Legal Management (previously part of the former Governance, Risk & Compliance division) while the EHS/ORM software business (Enablon) is now part of the new Corporate Performance & ESG division.

Legal & Regulatory revenues declined 4% in constant currencies, due to the disposal of the French and Spanish legal publishing assets on November 30, 2022, while the acquisition of MFAS, acquired on October 31, 2023, had a modest effect. On an organic basis, revenues sustained 4% growth (2022: 4% pro forma). Adjusted operating profit increased 4% in constant currencies and 10% on an organic basis. The margin increased 120 basis points, following an increase in the fourth quarter. Operational gearing and good expense control were partly offset by increased product investment and higher personnel costs and personnel-related expenses.

Operating profit decreased 38%, reflecting the increase in adjusted operating profit offset by a decline in divestment-related results.

Legal & Regulatory Information Solutions (77% of divisional revenues) revenues declined 7% overall and 7% in constant currencies reflecting disposals. On an organic basis, Information Solutions recorded 4% growth (2022: 3%), driven mainly by 8% organic growth in subscriptions to our digital legal research solutions (2022: 7%). Print subscriptions declined 9% organically, while print book revenues increased 4% on an organic basis, mainly due to a favorable publication schedule.

Legal & Regulatory Software (23% of divisional revenues), comprised of Enterprise Legal Management (ELM) solutions and our legal practice management software, in aggregate recorded 5% organic growth (2022: 8% pro forma). ELM solutions (Tymetrix and Passport) saw strong growth in ELM transactional volumes partly offset by lower software implementation services revenues. Legal practice management software, mainly Kleos and Legisway, recorded high single-digit organic growth.

Our customers

Legal and compliance professionals in law firms, corporate legal departments, universities, and government organizations

Top products

Legal & Regulatory Information Solutions: VitalLaw, LEX, ONE, Navigator, and Schulinck

Legal & Regulatory Software: Passport, TyMetrix 360°, Legisway, and Kleos



Selected awards 2023

VitalLaw winner of Gold Stevie Award for Legal Information Solution

ELM named Company of the Year, Legal, in American Business Awards

→ Complete list of Legal & Regulatory solutions
<https://www.wolterskluwer.com/en/about-us/organization/legal-and-regulatory>



Legal & Regulatory continued

Legal & Regulatory – Year ended December 31

€ million, unless otherwise stated	2023	2022	Δ	Δ CC	Δ OG
Revenues	875	916	-4%	-4%	+4%
Adjusted operating profit	138	133	+4%	+4%	+10%
Adjusted operating profit margin	15.7%	14.5%			
Operating profit	114	185	-38%		
Net capital expenditure	58	61			
Ultimo FTEs	4,033	3,892			

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.05); Δ OG: % Organic growth. 2022 figures are pro forma.

Organic growth in revenues

4%

Recurring

78%

recurring revenues as % of division total

Digital

84%

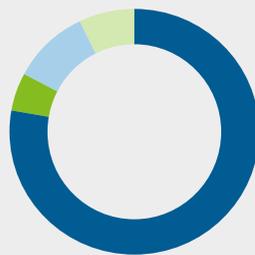
digital revenues as % of division total

2023 Revenues by segment



● Legal & Regulatory Software 23%
● Legal & Regulatory Information Solutions 77%

2023 Revenues by type



● Recurring 78%
● Print books 5%
● ELM transactional 10%
● Other non-recurring 7%

2023 Revenues by geographic market



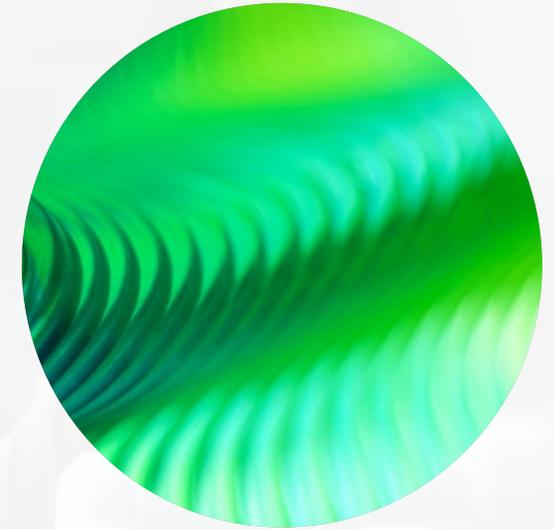
● North America 33%
● Europe 66%
● Asia Pacific & ROW 1%

2023 Revenues by media format



● Software 28%
● Digital information 56%
● Services and print 16%

Corporate Performance & ESG



Global enterprise software

Enterprise software solutions for corporate performance management, ESG, EHS, risk management, and assurance.



Customer case



Lendlease improves safety and compliance with Enablon permit-to-work

Lendlease, a global real estate investment, development, and construction company headquartered in Australia, leverages the full Enablon platform to manage its environmental, health, and safety matters across project sites around the world. The company also leverages the full suite of Enablon Go mobile applications, which have been key in modernizing Lendlease's safety strategy.

In 2022, the company looked for ways to streamline and improve its permitting procedures in Australia and chose Enablon's permit-to-work (PTW) software to help it transition from an inefficient paper permitting process to a digitized workflow. Enablon PTW is a digital documented workflow that authorizes certain people to carry out specific work within a specified time frame and facilitates clear sign off to show work has been completed safely and efficiently.

With Enablon's PTW system, organizations enhance workplace safety, ensure regulatory compliance, reduce paperwork, improve communication, and maintain an audit trail of work-related activities and safety measures.

Lendlease's partnership with Enablon yielded impressive results as David Rose, Group EHS Technology Manager at Lendlease commented, "We've done 26,000 digital permits so far to date since we've deployed the solution. If you think of it from an ESG point of view, that's a lot of paper considering a normal permit would be about 2-3 pages per permit". Lendlease is now deploying the Enablon PTW solution to its other operations around the world.

Business overview

Wolters Kluwer Corporate Performance & ESG (CP&ESG) provides enterprise software solutions and services to corporations and banks around the world, helping them to collect, analyze, report, and audit financial, sustainability, operational, and other performance data.

CP&ESG solutions support corporate responsibility and sustainability, mitigate and manage operational and financial risks, improve workplace safety, and facilitate regulatory reporting and compliance. Our global software solutions and services help to streamline finance workflows.

CP&ESG solutions are used by corporate finance professionals, internal auditors, operational risk managers, sustainability managers, and compliance personnel in corporations and financial institutions.

Market trends

- **Sustainability commitments increase focus on environmental, health & safety, and operational risk management**
- **Rising ESG disclosure, audit, and performance demands from regulators, investors, employees, and other stakeholders**
- **Emergence of global ESG reporting standards as 600+ frameworks start to converge**
- **Increased demand for solutions that collect and process large amounts of structured and unstructured data**
- **Artificial intelligence, cloud, and other advanced technologies are enabling analytics, insights, and connectivity that help drive performance**
- **Finance function emerging as chief aggregator to collect, analyze, report, and assure financial and non-financial data**

“

Mandatory ESG disclosures are leading to a sea change in corporate reporting.



Karen Abramson
CEO Corporate Performance & ESG



Corporate Performance & ESG continued

Review of 2023 performance

- New division formed in March 2023.
- Organic growth 9%, with recurring revenues up 11% and non-recurring revenues up 5%.
- Margin reflects higher personnel costs and increased investment.

The Corporate Performance & ESG division was formed in March 2023 by bringing together our enterprise software businesses which were previously part of other divisions: CCH Tagetik and TeamMate (formerly part of Tax & Accounting), Enablon EHS/ORM (formerly part of Legal & Regulatory), and OneSumX Finance, Risk & Reporting (formerly part of Governance, Risk & Compliance).

The new division's revenues increased 9% in constant currencies and 9% on an organic basis (2022: 12% pro forma). Recurring revenues (65% of divisional revenues) grew 11% organically (2022: 13% pro forma), while non-recurring revenues grew 5% (2022: 10% pro forma). Adjusted operating profit declined 12% in constant currencies and on an organic basis, impacted by higher personnel costs, increased investment in product development, and higher sales and marketing spending.

Operating profit decreased to €26 million, mainly reflecting the decline in adjusted operating profit and higher amortization of acquired identifiable intangible assets.

Environmental, Health & Safety, and Operational Risk

Management platform Enablon (23% of divisional revenues), delivered 16% organic growth (2022: 18%) driven by strong momentum across both recurring cloud subscription revenue

and on-premise software license fees. In November 2023, Enablon introduced an updated sustainability solution, Enablon ESG Excellence.

Our **Corporate Performance, Internal Audit, and Finance, Risk & Reporting** businesses (77% of divisional revenues) in aggregate grew 7% organically (2022: 10% pro forma). The CCH Tagetik corporate performance management (CPM) solution delivered 20% organic growth (2022: 19%), driven equally by recurring cloud revenues as by non-recurring on-premise software license fees. Software growth was driven by new customers and increased uptake of modules, such as the new ESG and Pillar Two Global Minimum Tax modules launched in 2023. The average software deal size increased year on year. Non-recurring services revenues were, however, lower than expected as an increased percentage of software deals closed in the final months of 2023 were tied to third-party implementation partners.

Our Corporate Tax unit recorded steady single digit organic growth. Internal audit solution TeamMate delivered double-digit organic growth, benefitting from higher license fees for on-premise software. In July 2023, TeamMate+ ESG was launched, adding ESG standards to support auditor workflows. Our FRR unit posted organic revenue decline due to the conclusion of two large software implementations in Europe and the full impact of exiting Russia and Belarus. In October 2023, FRR launched OneSumX for Basel to support banks as they ramp up towards Basel IV compliance.

Our customers

Corporate finance, audit, planning, risk, EHS/ORM, and sustainability professionals in corporations, banks, and governments.



Selected awards 2023

Wolters Kluwer named Leader in Verdantix Green Quadrant for ESG Reporting & Data Management

Gartner named CCH Tagetik Leader in Magic Quadrant for Financial Close and Consolidation

Top products

Environmental, Health & Safety, and Operational Risk Management (EHS/ORM): Enablon

Corporate Performance, Internal Audit, and Finance, Risk & Reporting: CCH Tagetik, TeamMate, and OneSumX

→ Complete list of Corporate Performance & ESG solutions
<https://www.wolterskluwer.com/en/about-us/organization/corporate-performance-esg>



Corporate Performance & ESG continued

Corporate Performance & ESG – Year ended December 31

€ million, unless otherwise stated	2023	2022	Δ	Δ CC	Δ OG
Revenues	683	639	+7%	+9%	+9%
Adjusted operating profit	68	79	-14%	-12%	-12%
Adjusted operating profit margin	9.9%	12.4%			
Operating profit	26	39	-32%		
Net capital expenditure	84	73			
Ultimo FTEs	3,215	3,111			

Δ: % Change; Δ CC: % Change in constant currencies (€/\$ 1.05); Δ OG: % Organic growth. 2022 figures are pro forma.

Organic growth in revenues

9%

Recurring

65%

recurring revenues as % of division total

Software

79%

software revenues as % of division total

2023 Revenues by segment



● EHS/ORM 23%
● Corporate Performance, Internal Audit & FRR 77%

2023 Revenues by type



● Recurring 65%
● Non-recurring 35%

2023 Revenues by geographic market



● North America 35%
● Europe 48%
● Asia Pacific & ROW 17%

2023 Revenues by media format



● Software 79%
● Services and other 21%

Group financial review



Margin increased in the fourth quarter due to operational gearing, mix shift, and a more normalized cost base.

Kevin Entricken
CFO and member
of the Executive Board



This review provides a summary of our 2023 IFRS results alongside a discussion of adjusted figures which give deeper insight into our underlying performance.

Revenues

Group revenues were €5,584 million, up 2% overall and up 5% in constant currencies. Excluding the effect of currency and the net effect of divestments and acquisitions, organic revenue growth was 6%, in line with the prior year (2022: 6%).

Revenue bridge

	€ million	%
Revenues 2022	5,453	
Organic change	310	6
Acquisitions	20	0
Divestments	(76)	(1)
Currency impact	(123)	(3)
Revenues 2023	5,584	2

Revenues from North America accounted for 64% of total group revenues and grew 5% organically (2022: 6%). Revenues from Europe, 28% of total revenues, grew 7% organically (2022: 6%). Revenues from Asia Pacific and Rest of World, 8% of total revenues, grew 9% organically (2022: 10%).

Total recurring revenues, which include subscriptions and other renewing revenue streams, accounted for 82% of total revenues (2022: 80%) and grew 7% organically (2022: 7%). Within recurring revenues, digital and service subscriptions grew 8% organically (2022: 8%). Total non-recurring revenues were stable on an organic basis (2022: 3% organic growth).

Highlights 2023

- **Revenues up 6% organically**
- **82% recurring revenues, up 7% organically**
- **58% expert solutions revenues, up 8% organically**
- **94% revenues from digital products and services**
- **16% cloud software revenues, up 15% organically**

Transactional revenues declined in Financial & Corporate Compliance but increased in Legal & Regulatory. Other non-recurring revenues, mainly on-premise license fees and software implementation services, increased 1% organically (2022: 7%), with mixed trends by division.

Revenues by type

€ million, unless otherwise stated	2023	2022	Δ	Δ CC	Δ OG
Digital and service subscription	4,134	3,950	+5%	+7%	+8%
Print subscription	136	157	-13%	-12%	-7%
Other recurring	273	281	-3%	-1%	+3%
Total recurring revenues	4,543	4,388	+4%	+6%	+7%
Transactional	411	433	-5%	-2%	-3%
Print books	120	129	-7%	-5%	0%
Other non-recurring	510	503	+1%	+3%	+1%
Total non-recurring revenues	1,041	1,065	-2%	0%	0%
Total revenues	5,584	5,453	+2%	+5%	+6%

Δ: % Change; Δ CC: % Change in constant currencies (€/\$ 1.05); Δ OG: % Organic growth. Other non-recurring revenues include software licenses, software implementation fees, professional services, and other non-subscription offerings.

Group financial review continued

Key figures

€ million, unless otherwise stated

	2023	2022	Δ	Δ CC	Δ OG
Revenues	5,584	5,453	+2%		
Operating profit	1,323	1,333	-1%		
Profit for the year	1,007	1,027	-2%		
Diluted EPS (€)	4.09	4.01	+2%		
Net cash from operating activities	1,545	1,582	-2%		
Business performance – benchmark figures					
Revenues	5,584	5,453	+2%	+5%	+6%
Adjusted operating profit	1,476	1,424	+4%	+6%	+7%
Adjusted operating profit margin (%)	26.4	26.1			
Adjusted net profit	1,119	1,059	+6%	+7%	
Diluted adjusted EPS (€)	4.55	4.14	+10%	+12%	
Adjusted free cash flow	1,164	1,220	-5%	-2%	
Return on invested capital (%)	16.8	15.5			
Net debt	2,612	2,253	+16%		

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.05); Δ OG: % Organic growth. Benchmark figures are performance measures used by management. See Note 4 – Benchmark figures for a reconciliation from IFRS to benchmark figures.

Highlights 2023

- Product development spend was 11% of revenues
- Profit for the year down by 2% and diluted EPS up 2%
- Adjusted net profit for the year up 6%

Operating profit

Adjusted operating profit was €1,476 million (2022: €1,424 million), up 6% in constant currencies. The related margin increased by 30 basis points to 26.4% (2022: 26.1%), in line with our full-year guidance range. The margin improvement follows a margin increase in the fourth quarter driven by operational gearing, mix shift, and the comparison to a more normalized cost base in fourth quarter 2022. Personnel-related expenses increased as expected due to an increase in the number of employees and due to wage inflation. In addition, there was an expected increase in personnel-related expenses, such as business travel, events, and training costs.

Product development spending (including capitalized spend) increased in constant currencies and amounted to 11% of revenues in 2023 (2022: 11%). Restructuring expenses, which are included in adjusted operating profit, increased to €15 million (2022: €6 million), at the upper end of our guidance range.

Operating profit declined 1% to €1,323 million (2022: €1,333 million), mainly due to significantly lower divestment results: we incurred a net disposal gain of €4 million in 2023 compared to a gain of €75 million in the prior year. Amortization and impairments of acquired identifiable intangible assets decreased 9% due to reduced impairments in 2023.

Divisional summary

Overall organic revenue growth was 6%, led by Tax & Accounting and Corporate Performance & ESG. The overall adjusted operating profit margin increased mainly due to full-year margin increases in Financial & Corporate Compliance and Legal & Regulatory. For a more detailed discussion, see [pages 17-36](#) of this annual report.

Group financial review continued

Divisional summary

€ million, unless otherwise stated

	2023	2022	Δ	Δ CC	Δ OG
Revenues					
Health	1,508	1,448	+4%	+7%	+6%
Tax & Accounting	1,466	1,394	+5%	+8%	+8%
Financial & Corporate Compliance	1,052	1,056	0%	+2%	+2%
Legal & Regulatory	875	916	-4%	-4%	+4%
Corporate Performance & ESG	683	639	+7%	+9%	+9%
Total revenues	5,584	5,453	+2%	+5%	+6%
Adjusted operating profit					
Health	454	434	+5%	+8%	+7%
Tax & Accounting	479	455	+5%	+8%	+8%
Financial & Corporate Compliance	403	387	+4%	+7%	+7%
Legal & Regulatory	138	133	+4%	+4%	+10%
Corporate Performance & ESG	68	79	-14%	-12%	-12%
Corporate	(66)	(64)	+3%	+4%	+4%
Total adjusted operating profit	1,476	1,424	+4%	+6%	+7%
Adjusted operating profit margin					
Health	30.1%	29.9%			
Tax & Accounting	32.7%	32.6%			
Financial & Corporate Compliance	38.3%	36.7%			
Legal & Regulatory	15.7%	14.5%			
Corporate Performance & ESG	9.9%	12.4%			
Total adjusted operating profit margin	26.4%	26.1%			

Δ: % Change; Δ CC: % Change in constant currencies (€/€ 1.05); Δ OG: % Organic growth. 2022 figures are pro forma due to changes in the organizational structure, refer to Note 1 – General and basis of preparation.

Highlights 2023

- Adjusted operating profit €1,476 million, up 6% in constant currencies
- Adjusted operating profit margin up 30 basis points to 26.4%

Corporate expenses

€ million, unless otherwise stated

	2023	2022	Δ	Δ CC	Δ OG
Adjusted operating profit	(66)	(64)	+3%	+4%	+4%
Operating profit	(66)	(64)	+3%		
Net capital expenditure	0	0			
Ultimo FTEs	143	132			

Δ: % Change; Δ CC: % Change in constant currencies (€/€ 1.05); Δ OG: % Organic growth.

Net corporate expenses increased 4% in constant currencies and 4% on an organic basis, due to an increase in personnel costs and related expenses partly offset by lower third-party services relating to various projects.

Financial position

Balance sheet

Non-current assets, mainly consisting of goodwill and acquired identifiable intangible assets, decreased by €193 million to €6,340 million in 2023, mainly due to amortization and the effect of foreign exchange differences that were higher than investments in software assets and acquisitions through business combinations during the year.

Total equity decreased by €561 million to €1,749 million, mainly due to the share buybacks, dividend payments, and exchange differences on translation of foreign operations, partly offset by the profit for the year. During the year, we repurchased 8.7 million shares for a total consideration of €1 billion, including 0.5 million shares to offset incentive share issuances (2022: 0.7 million).

In August 2023, we canceled 9.0 million of shares held in treasury (2022: 5.0 million shares canceled). As of December 31, 2023, we held 8.0 million shares in treasury. The total weighted-average number of shares was 244.9 million in 2023 (2022: 254.7 million).

Group financial review continued

Balance sheet

€ million, unless otherwise stated	2023	2022	Variance
Non-current assets	6,340	6,533	(193)
Working capital	(1,036)	(892)	(144)
Total equity	1,749	2,310	(561)
Net debt	2,612	2,253	359
Net-debt-to-EBITDA ratio	1.5	1.3	0.2

Net debt, leverage, and liquidity position

Net debt at December 31, 2023, was €2,612 million, compared to €2,253 million at December 31, 2022. The net-debt-to-EBITDA ratio increased to 1.5 (2022: 1.3). Gross debt includes the 8-year €700 million Eurobond with a 3.750% annual coupon, issued in March 2023. Gross debt increased due to the increase of borrowings and bank overdrafts to €196 million at December 31, 2023 (2022: €16 million), including €50 million Euro Commercial Paper notes (2022: no notes outstanding).

Our €600 million multi-currency credit facility remains fully undrawn.

Our liquidity position remained strong with net cash available of €989 million as of December 31, 2023.

Highlights 2023

- **Net debt-to-EBITDA ratio 1.5x**
- **Liquidity position remained strong**

Working capital

€ million	2023	2022	Variance
Inventories	84	79	5
Current contract assets	160	153	7
Trade receivables	1,087	1,088	(1)
Current operating other receivables	198	244	(46)
Current deferred income	(1,899)	(1,858)	(41)
Other contract liabilities	(86)	(88)	2
Trade and other operating payables	(951)	(949)	(2)
<i>Operating working capital</i>	<i>(1,407)</i>	<i>(1,331)</i>	<i>(76)</i>
Cash and cash equivalents	1,135	1,346	(211)
Non-operating working capital	(764)	(907)	143
Total working capital	(1,036)	(892)	(144)

Operating working capital amounted to €(1,407) million, compared to €(1,331) million in 2022, a decrease of €76 million. This decrease is largely due to autonomous movements in working capital of €98 million.

Non-operating working capital decreased to €(764) million, compared to €(907) million in 2022, mainly due to lower short-term bonds during 2023 (€400 million) compared to 2022 (€700 million), partly offset by higher borrowings and bank overdrafts at the end of 2023.

Group financial review

continued

Financing results, taxation, EPS, and ROIC

Financing results

Total financing results decreased to a net cost of €27 million (2022: €57 million cost), mainly due to higher interest rates on cash and cash equivalents. Included in total financing results was a €7 million net foreign exchange gain (2022: €5 million net foreign exchange loss) mainly related to the translation of intercompany balances. Adjusted net financing costs decreased to €27 million (2022: €56 million).

Taxation

Profit before tax increased 2% to €1,297 million (2022: 1,276 million). The effective tax rate increased to 22.4% (2022: 19.5%), as the prior year a significant tax-exempt divestment gain.

Adjusted profit before tax was €1,450 million (2022: €1,368 million), up 6% overall and up 8% in constant currencies. The benchmark tax rate on adjusted profit before tax increased to 22.9% (2022: 22.6%), mainly due to lower prior year favorable adjustments combined with the increased limitation on interest deductibility in the Netherlands.

Earnings per share

Total profit for the year decreased 2% to €1,007 million (2022: €1,027 million), while diluted earnings per share increased 2% to €4.09 (2022: €4.01), benefitting from the lower weighted-average number of shares outstanding.

Adjusted net profit was €1,119 million (2022: €1,059 million), an increase of 7% in constant currencies. Diluted adjusted EPS was €4.55 (2022: €4.14), up 12% in constant currencies, reflecting the increase in adjusted net profit and a 4% reduction in the diluted weighted-average number of shares outstanding to 246.0 million (2022: 255.8 million).

Return on invested capital (ROIC)

In 2023, ROIC was 16.8% (2022: 15.5%), mainly due to a higher adjusted operating profit, partly offset by a higher benchmark tax rate.

Highlights 2023

- Adjusted free cash flow €1,164 million, down 2% in constant currencies
- Return on invested capital improved to 16.8%
- Diluted adjusted EPS €4.55, up 12% in constant currencies

Cash flow

€ million, unless otherwise stated

	2023	2022	Variance
Net cash from operating activities	1,545	1,582	(37)
Net cash used in investing activities	(374)	(299)	(75)
Net cash used in financing activities	(1,481)	(991)	(490)
Adjusted operating cash flow	1,476	1,528	(52)
Net capital expenditure	(323)	(295)	(28)
Adjusted free cash flow	1,164	1,220	(56)
Diluted adjusted free cash flow per share (€)	4.73	4.77	(0.04)
Cash conversion ratio (%)	100	107	

Cash flow

Net cash outflow before the effect of exchange differences was €310 million (2022: net cash inflow of €292 million), due to net cash used in financing activities and investing activities outweighing net cash from operating activities.

Adjusted operating cash flow was €1,476 million (2022: €1,528 million), down 3% overall and down 1% in constant currencies. This reflects a cash conversion ratio of 100% (2022: 107%), returning to historical levels (95%-100%). Working capital inflows of €98 million were significantly lower than in the prior year, while net capital expenditures increased 10% overall and 11% in constant currencies. Net capital expenditures were €323 million (2022: €295 million), representing 5.8% of revenues (2022: 5.4%).

Cash payments related to leases, including lease interest paid, decreased to €74 million (2022: €81 million). Net interest paid, excluding lease interest paid, reduced to €17 million (2022: €45 million), reflecting higher interest income on cash and cash equivalents.

Group financial review continued

Income tax paid increased to €325 million (2022: €289 million). The net cash outflow related to restructuring was €1 million (2022: outflow of €12 million). As a result, adjusted free cash flow was €1,164 million (2022: €1,220 million), down 2% in constant currencies.

Dividends paid to shareholders amounted to €467 million (2022: €424 million). The cash deployed towards share repurchases was as announced, €1 billion, and in line with prior year (2022: €1 billion).

Acquisitions and divestments

Total acquisition spending, net of cash acquired and including transaction costs, was €68 million (2022: €95 million), and primarily related to the acquisitions of NurseTim on January 9, 2023, Invistics on June 7, 2023, and tax content and tools provider, MFAS, on October 31, 2023.

In 2023, net divestment proceeds amounted to €8 million, compared to €106 million in 2022 which mainly included the divestment of the legal information units in France and Spain.

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 2.5 remains appropriate for our business given the high proportion of recurring revenues and resilient cash flow.

Highlights 2023

- **Proposed 2023 total dividend €2.08 per share, an increase of 15%**
- **Completed 2023 share buyback €1 billion**

Governance

Governance

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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 published in 2022 (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. The Executive Board consists of the CEO and CFO and is entrusted with the management and day-to-day operations of the company. 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.

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). During 2023, Wolters Kluwer has reviewed the changes in the Corporate Governance Code compared to the prior Code and took the necessary steps to implement these changes. This included an update of the By-Laws of the Supervisory Board and Executive Board, as well as the Terms of Reference of the Audit Committee and the Selection and Remuneration Committee. 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. Corporate Governance will be added to the agenda of the 2024 Annual General Meeting of Shareholders, as a specific discussion item.

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

Executive Board

The Executive Board is responsible for the continuity of the company and its affiliated enterprise and for sustainable long-term value creation by the company and its affiliated enterprise. This responsibility includes the development and execution of the strategy focused on sustainable long-term value creation, formulating targets in relation to the strategy, appropriate risk management and internal control systems, and sustainability and environmental, social, and governance (ESG) matters. The Executive Board considers the impact of the company on people and the environment. 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 enterprise, 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.

Corporate governance continued

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 Executive Board and Supervisory Board on [page 61](#)

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 the 2021 Annual General Meeting of Shareholders 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 2023 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. Pursuant to 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 prior performance periods up to and including the 2020-2022 cycle, Executive Board members were 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 affiliated enterprise, considering the relevant interests of the company's stakeholders, and advises the Executive Board. The supervision includes the implementation of the sustainable long-term value creation strategy, 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/ESG 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;

Corporate governance continued

- Acquisitions or divestments of which the value is at least equal to 1% of the annual 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 the 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 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. As stipulated in the By-Laws of the Supervisory Board, the number of board memberships of large Dutch companies and listed companies globally may not exceed five (with a Chair position counting double). 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 and the By-Laws.

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 61](#)

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 management beyond the Executive Board level. Operating managers, including divisional CEOs, are regularly invited to present to the Supervisory Board on the operations, market developments, and business developments. 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 and Selection and Remuneration Committee meetings.

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 Annual General Meeting of Shareholders in 2021. For more information on remuneration, see *Remuneration report*.

→ See Remuneration report on [page 70](#)

Corporate governance continued

Diversity

Diversity, equity, inclusion, and belonging (DEIB) is an important topic for the Supervisory Board and Executive Board. The DEIB policy for the Supervisory Board is included as an annex to the Supervisory Board By-Laws. Elements of diversity include among others nationality, gender, age, and expertise. Based on Dutch law, the Supervisory Board must have a representation of at least 33% male and at least 33% female. For the Executive Board, we also have a target of at least 33% representation of both male and female. These targets are currently met. In accordance with Dutch legislation which became applicable in 2022, we have also set a target to increase the female representation in our executive career band by 2% by 2028 from a 2022 baseline. In the coming years, we will continue working towards achieving this through equitable and inclusive employee practices and experiences that improve female representation in hiring, promotions, and talent retention. In addition, a global DEIB policy for all employees worldwide was drafted and implemented in 2023. Our Chief Human Resources Officer reports into our CEO and Chair of the Executive Board, who as such has ultimate responsibility for the DEIB strategy and the execution thereof. For more information on DEIB, see the *Sustainability statements*.

Currently, the male/female representation of the Supervisory Board is 33% male and 67% female. After the appointment of Mr. David Sides to the Supervisory Board and the retirement of Ms. Jeanette Horan, the representation will be 50% male and 50% female. This is in line with Dutch law. The male/female presentation in the Executive Board is 50%/50%, which is in line with our target for diversity in the Executive Board. The Supervisory Board composition comprises expertise within

the broad information industry as well as specific market segments in which the company operates. Three nationalities are represented on the Supervisory Board. The composition of the Supervisory Board is in line with its diversity policy, Dutch law, and the competency, skills, and experience requirements as described in its profile.

→ See Executive Board and Supervisory Board on [page 61](#)

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 Executive Board is responsible for setting the tone for our culture from the top. 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 and ethical standards are the basis for our decisions for and interactions with our employees, customers, partners, and society at large, and for achieving our goals. We maintain a culture of open communication and a safe environment where everyone should feel confident to ask a question or raise a concern without fear of negative consequences. The Executive Board and the Supervisory Board are committed to ensure high standards of ethics and integrity and promote openness through our SpeakUp program. Our employees receive Annual Compliance Training about our Code of Business Ethics and other key compliance policies and SpeakUp. In 2023, 99% of employees completed the Annual Compliance Training. More information on our Code of Business Ethics and SpeakUp program can be found in the *Sustainability statements*.

→ Read more about our Code of Business Ethics in the *Sustainability statements* on [page 89](#)

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

Corporate governance continued

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 50](#)

Environmental, social, and governance matters

The Executive Board and the Supervisory Board are committed to and oversee Wolters Kluwer's sustainability/ESG priorities and performance. The Executive Board discusses the progress on the sustainability priorities in quarterly update meetings with the Corporate Sustainability team, in addition to individual updates as appropriate by relevant functional owners. The Supervisory Board is informed on a regular basis as well. The updated Supervisory Board By-Laws and Terms of Reference of the Audit Committee and Selection and Remuneration Committee specify the responsibilities of the Supervisory Board and the committees with respect to sustainability. The Executive Board and Supervisory Board provide feedback to the Corporate Sustainability team and functional owners, that shapes the development of relevant sustainability initiatives. For a detailed description of our sustainability performance, reference is made to the *Sustainability statements*.

→ See Sustainability statements
on [page 89](#)

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 2023, 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.

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 May 10, 2023, 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 effectuated 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 May 10, 2023, 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, 2023, Wolters Kluwer N.V. held 8,004,987 shares in the company (a 3.2% interest).

Corporate governance continued

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.

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). In 2023, Mr. P. Bouw retired from the Board of the Foundation. He was succeeded as Chair by Mr. J.S.T. Tiemstra. The other members of the Board are Mr. G.W. Ch. Visser and Mr. A. Nühn. All members of the Board of the Foundation are independent from the company.

In line with standard practice, the Board of the Foundation met twice in 2023. Representatives of the Executive Board and Supervisory Board of the company attended the meetings to give the Board of the Foundation information about the developments within Wolters Kluwer. Discussion topics included updates on the company's results, the execution of the strategy, the financing of the company, acquisitions and divestments, developments in the market, and the general course of events at Wolters Kluwer. In addition, the Board of the Foundation discussed the developments with respect to corporate governance and relevant Dutch legislation.

The Board of the Foundation also followed developments of the company outside of board meetings, among others through receipt by the board members of press releases. As a result, the Board of the Foundation has a good view on the developments at Wolters Kluwer. The Foundation acquired no preference shares during the year under review.

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, *Note 32 – Capital and reserves*, and in *Wolters Kluwer shares and bonds*.

→ See Wolters Kluwer shares and bonds on [page 222](#)

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). Consequently, 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, the remuneration policy for the Supervisory Board, and the global DEIB Policy, are available in the corporate governance section on our website.

→ For more information, see www.wolterskluwer.com/en/investors/governance/policies-and-articles

Risk management

This section provides an overview of our approach to risk management. It also includes a summary of the main risks we identify and the actions we take to mitigate these risks.

Introduction

The current environment continues to present uncertain macroeconomic conditions and heightened geopolitical tensions. The many elections taking place in 2024 could alter conditions. There are signs that inflation is starting to come under control which could lead to a turn in the interest rate cycle. In early 2024, levels are still high and the future trajectory remains unclear, presenting a challenge for our customers, employees, and other stakeholders. While job markets have cooled somewhat, there remains a shortage of technology talent globally. Industrialized cyberattacks have become part of the landscape. Despite these circumstances, our overall risk profile remains largely unchanged. We continue to have confidence in our ability to execute our strategy and mitigate any crisis or challenge that may arise.

Our Corporate Risk Committee monitors material risks and mitigating 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. The Corporate Risk Committee is chaired by our CFO and comprises representatives of various functional departments, including Internal Audit, Internal Control, Legal and Compliance, Sustainability, Human Resources, Treasury, Risk Management, Tax, and Global Information Security, and reports quarterly to the Audit Committee and the Executive Board.

Risk management process

We operate internal risk management and control processes, which are generally integrated into the operations of the businesses. The aim is to identify significant risks to which the company is exposed in a timely manner, to manage those risks effectively, 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. It diligently evaluates that assessment against the pre-defined risk appetite. Based on this assessment, the Executive Board reviews the design and effectiveness of the internal risk management and control systems. In doing so, it considers the company's risk appetite and the recommendations from internal assurance functions and the Corporate Risk Committee. Our internal risk management and control systems cannot provide absolute assurance for the achievement of our 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 operations of our divisions and operating entities, supported by several staff functions. The Executive Board is informed by divisional management about risks on divisional and operational entity levels as part of the regular planning and reporting cycles.

Responsibility for risk management

The Executive Board is responsible for overseeing risk management and internal controls at Wolters Kluwer. Our CEO is responsible for strategic and operational risks and our CFO is responsible for legal & compliance and financial & financial reporting risks. The Supervisory Board supervises the Executive Board regarding the effectiveness of the internal risk management and control systems. On behalf of the Supervisory Board, the Audit Committee monitors among others the efficiency of our risk management system. It also carries out preparatory work for the annual discussion within the full Supervisory Board around the effectiveness of our internal risk management and control systems.

Risk appetite			
Risk type	Balanced	Conservative	Minimal
Strategic			
Operational			
Legal & compliance			
Financial & financial reporting			

Risk management continued

Internal Control Framework

Our Internal Control Framework (ICF) for financial reporting is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework. It is designed to provide reasonable assurance that the results of our business are accurately reflected in our internal and external financial reporting.

The ICF for financial reporting is deployed by the operating business units and central functions and reviewed and tested by internal control officers. We carry out an annual risk assessment program for financial and IT general control risks to determine the scope and controls to be tested. As part of that scope, key controls are tested annually. The test results are reported to functional management, the Executive Board, the Audit Committee, and internal and external 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

Our global Internal Audit department provides independent and objective assurance and advice. It is guided by a philosophy of adding value by continuously improving, where deemed fit for purpose, the maturity of our operations. Internal Audit takes a systematic and disciplined approach to evaluating and improving the effectiveness of our organization's governance, risk management, and internal controls.

Our 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, which is approved by the Executive Board and the Supervisory Board, is based on risk assessments. It focuses on strategy execution, financial reporting risks, and operational risks, including IT-related risks.

Our 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.

Risk types and categories

On the following pages, we set out the main risks we have identified up to the date of this annual report and the actions we are taking to prevent or mitigate the occurrence and/or impact of these risks. It is not our intention to provide an exhaustive description of all possible risks. There may be risks that are not yet known or that we have not yet fully assessed. Some existing risks may have been assessed as not significant. However, they could develop into a material exposure for our company in the future and have a significant adverse impact on our business.

Our risk management and Internal Control Framework have been designed to identify, mitigate, and respond to risks in a timely manner. However, it is not reasonably possible to attain absolute assurance.

Risk appetite

We qualify the risk appetite of our main risks as balanced, conservative, or minimal. To achieve our strategic goals, we are 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. For other risk categories, our approach towards risks could be qualified as conservative, and as minimal for certain legal & compliance and financial & financial reporting risk categories. We carefully weigh risks against potential rewards.

Emerging risks

Generative artificial intelligence (AI) became commercially available in 2023, and while we believe this new AI technology primarily offers opportunities for Wolters Kluwer, there are also potential risks that will need to be monitored and mitigated. Other risks which emerged in recent years and that we continue to monitor include climate-related risks, data privacy, and data governance. The latter area continues to be of interest as we accumulate more and new types of data, and deal with the growing exposure to regulatory, ethical, and data security risks. See the sections *Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)*, *Description of the processes to identify and assess material climate-related impacts, risks, and opportunities (IRO-1)*, and *Actions and resources in relation to climate change policies (E1-3)* in the *Sustainability statements* for more information about climate-related risks. The data privacy risk is described in the risk category *Regulatory and compliance* in this *Risk management* chapter.

Risk management continued



Strategic

- Macroeconomic conditions
- Competition
- Changes in technology, business models, and customer preferences
- Mergers and acquisitions
- Divestments



Operational

- IT and cybersecurity
- Supply chain dependency and project execution
- Talent and organization
- Fraud
- Business interruption
- Brand and reputation



Legal & compliance

- Regulatory and compliance
- Contractual compliance
- Intellectual property protection
- Legal claims



Financial & financial reporting

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

Strategic risks

Risk description and impact

Macroeconomic conditions

Demand for our products and services may be adversely affected by factors beyond our control, such as economic conditions, pandemics, government policies, political uncertainty, acts of war, and civil unrest.

Competition

We operate in competitive markets, facing both large established competitors and new market entrants, and may be adversely affected by competitive dynamics.

Changes in technology, business models, and customer preferences

Demand for our products and services could be affected by disruptive new technologies, including generative AI, changes in revenue models, evolving customer preferences, and other market developments.

Mitigation

We monitor relevant macroeconomic and geopolitical developments so we can respond quickly to risks and opportunities. For example, we are monitoring inflation and energy prices, as well as the Russian-Ukrainian war and the conflict in the Middle East. We take steps to minimize the impact on our financial performance while also continuing the support of our customers and employees.

Recurring revenues represent 82% of our consolidated group revenues, providing visibility and resilience in times of uncertainty. Our exposure to a diverse range of customer segments and geographic markets, with a variety of products and services, reduces the impact of sector- or country-specific uncertainty. Most of our subscription-based digital information and software products are critical to the workflow of our customers, providing further resilience.

During times of uncertainty, our business units, in particular those that are exposed to transactional or other non-recurring revenues, can deploy a range of actions to support revenues and defend profits. For example, we can place greater efforts on retention, cross-selling, and upselling to existing customers. Where possible, we will pivot new sales efforts towards sectors and customer segments that are less affected by market conditions. At the same time, our businesses can adjust discretionary spending to defend margins.

We focus on our customers' success and on building long-term customer relationships. We carefully evaluate and implement an appropriate response to competitive threats in the markets which we operate in.

Our product and service offerings are varied and very specialized, often embedded in the professional's daily workflow, and span multiple customer segments, forming a natural defense against existing or potential new competitors. Strategically, we invest approximately 10% of revenues each year in product development and innovation to enhance and expand our *expert solutions* and to transform our information products so we can maintain or strengthen our competitive positions and support innovation and growth.

We monitor trends in the markets in which we operate, such as technological developments, including generative artificial intelligence, and consider how these might affect our businesses in the short term and long term. We also monitor customer needs and preferences by tracking net promoter scores, by engaging with customers through advisory boards, and by hosting and participating in industry conferences. This deep understanding of our customers' needs and workflows, combined with our understanding of new technologies, help us align our offerings to long-term market trends.

A core tenet of our strategy is to reinvest approximately 10% of group revenues into product development, so we can keep our solutions relevant. This investment includes the deployment of advanced technologies and the development of cloud-based solutions.



Risk management continued

Strategic risks continued



Risk description and impact

Mitigation

Mergers and acquisitions

We supplement organic growth with selected acquisitions which expose us to a variety of risks that could affect the future revenues and profits of the acquired businesses. These risks are related to factors such as the retention of customers and key personnel, the process of integrating the target, the target's internal control environment including IT security, open source software, supply chain, and the competitive response.

We apply strict strategic and financial criteria in our acquisition process. In general, acquisitions are expected to cover our after-tax weighted-average cost of capital within three to five years and to be accretive to diluted adjusted earnings per share in the first full year of ownership.

Investment decisions are very selective. We focus on businesses with proven track records and relatively predictable or recurring revenues that we expect to enhance our growth or margin. Generally, we acquire businesses that present strategic synergies with our existing operations.

Divestments

Occasionally, we choose to divest assets that are no longer core to our strategy. The divestment process entails risks that could have an adverse impact on the performance and valuation of the assets and our ability to complete a divestment process.

To mitigate risks related to material divestments, we prepare detailed carve-out plans and financials, covering human resources, technology, supply chains, and other functions. We also perform vendor due diligence prior to negotiations. In many cases, we engage external advisors to execute transactions.

Operational risks



Risk description and impact

Mitigation

IT and cybersecurity

Our business is exposed to IT-related risks and cyber threats that could affect our IT infrastructure, system availability, application availability, and the confidentiality and integrity of information.

We operate a global cybersecurity program to protect our organization, products, and customers. This program governs the execution of cybersecurity projects and provides management accountability at various levels. The program is assessed annually by an independent third party and is based on the National Institute of Standards and Technology Cybersecurity Framework (NIST-CSF).

We maintain a Global Information Security Policy and work to keep all operations aligned to this standard. IT General Controls form an integral part of Wolters Kluwer's Internal Control Framework and are aligned with our Global Information Security Policy. We periodically test controls over data and security programs to ensure we protect confidential and sensitive data. We assess controls against industry standards such as American Institute of Certified Public Accountants (AICPA) criteria and International Organization for Standardization (ISO) requirements. We complete regular SOC 2 attestations of our cloud-managed services and conduct risk due diligence for all critical vendors.

We have IT disaster recovery and incident management capabilities in place to respond to cyberattacks.

All employees are required to complete the Annual Compliance Training on our IT security policy and training on security awareness. Our employees' mobile devices are protected using a mobile device management solution while multi-factor authentication has been implemented for all users with access to our critical internal IT systems.

Risk management continued

Operational risks continued



Risk description and impact

Supply chain dependency and project execution

Our operations depend on third-party suppliers and could be adversely affected by poor performance of suppliers. Suppliers include providers of cloud services, outsourced and offshored data center services, software development and maintenance services, back-office transaction-processing services, content services, and other services. Projects to implement new technology-related initiatives or drive cost efficiencies are subject to execution risks.

Mitigation

Global Business Services, through its Sourcing & Procurement team, manages all centralized sourcing and procurement activities. This team uses an enterprise-wide solution and a consistent process for supplier onboarding and supply chain risk management. We carefully select and screen suppliers using regularly updated criteria. Detailed operating service agreements are put in place with our suppliers and performance during the term of such agreements is monitored by oversight boards and program management teams.

Suppliers that are managed through Global Business Services are subject to extensive due diligence covering security, data privacy, and business continuity.

In 2023, we expanded the number of suppliers included in our multi-year project to implement a state-of-the-art, enterprise-wide supply chain risk management process. This process ensures a consistent approach to the intake of third-party services on a global scale, including consistent assessment of risk prior to contracting; a formalized issue management process; tailored contracting to mitigate business risks; monitoring of suppliers against a tiered supplier management model; and comprehensive inherent and residual third-party risk analysis reporting to business leadership, with the ability to respond quickly to specific inquiries.

Selected internal implementation projects are monitored by our Corporate Quality Assurance team. The team aims to improve the success rate of large initiatives by providing assurance that these 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 the standardization of change methodologies and frameworks.

Operational risks continued



Risk description and impact

Talent and organization

Our ability to execute on our strategic plan, including delivering on product development roadmaps and other investments, is highly dependent on our ability to attract, develop, and retain talent globally.

Mitigation

Our extensive global talent management program aims to attract, retain, engage, and develop the diverse talent we need to support our success as a business. This program includes talent recruitment and development, learning opportunities, retention initiatives, engagement and belonging efforts, and succession planning.

Our global talent management function is supported by state-of-the-art, cloud-based human resources technology. This facilitates an analytical and data-driven approach and regular internal reporting of HR metrics. We conduct an employee survey each year to measure levels of engagement and belonging and provide management with current insights on how to support and retain our highly engaged, high-performing workforce. We also regularly review and update our rewards structures and performance-based compensation programs to maintain market competitiveness to support us in attracting and motivating talent. In 2023, we launched the Colleague Experience Promise (CxP), which is a four-pillar action framework that articulates to our colleagues the experience we work to provide to them from the time they engage with our company as candidates through their careers with the organization.

Risk management continued

Operational risks continued



Risk description and impact

Fraud

We may be exposed to internal or external fraudulent or related criminal actions. These include cyber fraud and theft of tangible or intangible assets from the company.

Mitigation

Our Corporate Risk Committee frequently reviews potential exposure to fraudulent activities so we can take appropriate and timely action.

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 policies and anti-fraud controls include effective segregation of duties, defined approvals and delegations of authority, independent internal and external audits, risk-based assessments including fraud, training, information and communication, and an anonymous reporting hotline for concerns.

Our anti-fraud prevention, detection, protection, response, and recovery activities include the use of technology to identify threats, Annual Compliance Training for all employees, awareness campaigns by our information security and corporate functions, internal fraud alerts, anti-fraud and anti-cybercrime workshops and training for at-risk businesses and functions, sharing of case studies and best practices, and measures within our Supplier Code of Conduct and anti-fraud protections integrated into our vendor management processes and payment card and banking practices.

Employees and vendors are encouraged to “pause for cause” and report suspected activities, including fraud, via appropriate channels.

We continuously evaluate and improve our anti-fraud related process controls and procedures, including reviewing manual controls and automating controls where possible. As a consequence of the ever-changing risk landscape (e.g., COVID-19/post-pandemic, hybrid working, geopolitical tensions, and generative AI), we expect cyber fraud risks may be amplified and continue to assess and evolve the measures in place.

Operational risks continued



Risk description and impact

Business interruption

Our business could be affected by major incidents, such as cyberattacks, human events (e.g., civil unrest and riots), and physical risks which may relate to climate change, such as extreme weather or natural catastrophes, causing damage to our facilities, IT systems, hardware, and other tangible assets, or damage to our data, brand, or other intangible assets. This could result in business interruption and financial or other loss.

Mitigation

We have a worldwide risk control and business continuity management program that focuses on how to prepare for, protect against, respond to, and recover and learn from major incidents. This program covers incident management, business continuity, operational recovery, and IT disaster recovery. Our multi-disciplinary Global Incident Management Program supports our ability to manage crises and incidents of all types.

We internally conduct regular location risk assessments and on-demand loss control surveys of key operating companies and supplier locations with our insurers. We work with our operating companies to cost-effectively implement recommendations for continued improvement.

Our IT infrastructure and flex work policies allow our staff to conduct business effectively from essential, alternate, and virtual locations. Many of our businesses have diversified personnel and support centers that have capabilities to cover and adapt between regions.

See the *Sustainability statements* for more information on climate-related physical risks.

Brand and reputation

With the increasing prominence of the Wolters Kluwer brand, the company potentially becomes more vulnerable to brand or reputation risks.

The integrity of our brand and reputation is key to our ability to maintain trusted relationships with our stakeholders, including employees, customers, and investors.

Our cross-functional global brand organization oversees the brand strategy and implementation work of our global brand work throughout the company.

The Global Branding & Communications (GBC) team closely works with other corporate functions and our businesses to grow the equity and awareness of our brand, while monitoring any potential reputational risks.

We monitor conversations taking place globally in the media and on social media relating to our brand and thought leadership.

Risk management continued

Legal & compliance risks



Risk description and impact

Regulatory and compliance

Failure to comply with applicable laws, regulations, internal policies, and ethical standards, or breach of covenants in financing and other agreements could result in fines, loss or suspension of business licenses, restrictions on business, third-party claims, and reputational damage. Legal limitations to conduct business in certain countries could affect our revenues.

Mitigation

We have established governance structures, policies, and control programs to ensure compliance with laws, internal policies, and ethical standards. Our global Ethics & Compliance program is designed to mitigate the risk of non-compliance with laws, regulations, internal policies, and ethical standards. It includes a set of policies and procedures, annual ethics and compliance risk assessments, ongoing communication and awareness activities, and company-wide and role-based training.

Our Code of Business Ethics describes our commitment to acting ethically and complying with our corporate policies and applicable laws. It includes topics such as competing fairly and prohibiting bribery and corruption. Our business partners are expected to adhere to the same ethics and compliance standards through commitment to our Supplier Code of Conduct or an equivalent standard.

Some topics, including trade compliance and anti-bribery and anti-corruption, are further detailed in standalone policies. As part of our trade sanctions and anti-bribery and anti-corruption programs, we also conduct risk-based screening and monitoring of vendors, third-party representatives, and customers.

Our global SpeakUp program encourages employees to report any suspected breach of laws, regulations, internal policies, and ethical standards for investigation and remediation.

We further operate a cross-functional enterprise-wide compliance program for data privacy laws. Where possible, we implement global baseline policies that allow for compliance with new and anticipated laws in multiple jurisdictions.

Legal & compliance risks continued



Risk description and impact

Regulatory and compliance continued

Compliance with laws and internal policies is also an integral part of our Internal Control Framework. This includes semi-annual letters of representation, annual internal control testing, and regular internal audits on compliance topics.

We continually evaluate whether legislative changes, regulatory developments, new products, or business acquisitions require additional compliance efforts. We monitor legislative developments and regulatory changes, including those related to data privacy, data protection, corporate sustainability (reporting), artificial intelligence, and trade sanctions, to assess the potential impact on our businesses, products, and services. Political stability is a factor we consider in our investments.

Contractual compliance

We could be exposed to claims by our contractual counterparties based on alleged non-compliance with contractual terms. This includes the number of users agreed upon, price commitments, and/or service delivery.

We negotiate contracts with particular attention to risk transfer clauses, insurance, limitations on liability, representations, warranties, and covenants.

For a significant portion of our supplier spend, we use contract management systems to monitor certain contractual rights and obligations, and software tools to track the use of software for which licenses are required. We implemented a global contract lifecycle management tool for our significant commercial agreements which helps us manage compliance with third-party agreements, tracks key dates and milestones, monitors compliance with our contracting policies and standards, and mitigates operating risks by automating contracting processes.

We use contract playbooks prepared by our internal legal department to standardize contract language and negotiation positions with respect to customer contracts.

Our limitation of liability policy establishes a market-based cap on liability that the company will assume in agreements with customers subject to exceptions that may be approved by a member of the Executive Board after balancing of risks and benefits.

Risk management continued

Legal & compliance risks continued



Risk description and impact

Mitigation

Intellectual property protection

Intellectual property rights could be challenged, limited, invalidated, circumvented, or infringed. Our ability to protect intellectual property rights may be affected by technological developments or changes in legislation.

We protect our intellectual property rights to safeguard our portfolio of information, software solutions, and services.

We rely on trademark, copyright, patent, and other intellectual property laws to establish and protect our proprietary rights to these products and services. We also monitor legislative developments with respect to intellectual property rights.

We protect and enforce our intellectual property assets by monitoring for potential infringement and then taking appropriate action to safeguard our proprietary rights.

Legal claims

We may be involved in legal disputes and proceedings in different jurisdictions. This may include litigation, administrative actions, arbitration, or other claims involving our products, services, informational content provided or published by the company, or employee and vendor relations.

We have measures in place to mitigate the risk of legal claims, including contractual disclaimers and limitations of liability.

We monitor legal developments relevant to our interests to support our businesses in compliance with local laws and fiscal regulations.

We manage a range of insurable risks by arranging insurance coverage for potential liability exposures.

Financial & financial reporting risks



Risk description and impact

Mitigation

Treasury

We are exposed to a variety of financial risks, including market, liquidity, and credit risks. Our results are subject to movements in exchange rates.

Whenever possible, we mitigate the effects of currency and interest rate fluctuations on net profit, equity, and cash flows by creating natural hedges, by matching the currency profile of income and expenses and of assets and liabilities.

When natural hedges are not present, we aim to realize the same effect with the aid of derivative financial instruments. We have identified hedging ranges and put policies and governance in place, including authorization procedures and limits.

We purchase or hold derivative financial instruments only with the aim of mitigating risks. The cash flow hedges and net investment hedges qualify for hedge accounting as defined in IFRS 9 – Financial Instruments. We do not purchase or hold derivative financial instruments for speculative purposes.

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 2023, we diminished liquidity risk by securing additional funding with a new €700 million eight-year Eurobond.

Further disclosure and detailed information on financial risks and policies is provided in *Note 29 – Financial risk management*.

Risk management continued

Financial & financial reporting risks continued

Risk description and impact

Post-employment benefits
Funding of our post-employment benefit programs, including frozen or closed plans, could be adversely affected by interest rates and the investment returns on the assets invested in each respective plan. These are influenced by financial markets and economic conditions.

Mitigation

We evaluate all our employee benefit plans to ensure we are market competitive. We simultaneously assess if the plan designs can reduce financial risk and volatility. We also continuously monitor opportunities to make our plans more efficient.

We partner closely with independent expert advisors on market competitive plan design, plan performance monitoring, and defining investment and hedging strategies for all our plans. Our aim is to maximize returns while managing downside risk in the plans.

The accounting for defined benefit plans is based on annual actuarial calculations in line with IAS 19 – Employee Benefits, disclosed in *Note 30 – Employee benefits*.

In 2023, we continued to prudently manage our benefit plans, but did not make any substantive changes.

In the Netherlands, our work to comply with the new Pension Accord requirements continues in collaboration with the Pension Fund Board, works councils, and external experts.



Financial & financial reporting risks continued

Risk description and impact

Taxes
Changes in operational taxes and corporate income tax rates, laws, and regulations could adversely affect our financial results, and tax assets and liabilities.

Mitigation

Apart from income taxes, most taxes are either transactional or employee-related and are levied from the legal entities in the relevant jurisdictions.

We have tax policies in place and tax matters are dealt with by a professional tax function, supported by external advisors. We provide training to our tax staff where appropriate.

We monitor legislative developments in the jurisdictions in which we operate and consider the potential impacts of proposed regulatory changes, such as Pillar Two Model Rules.

We maintain a liability for uncertain income tax positions in line with IAS 12 – Income Taxes and IFRIC 23 – Uncertainty over Income Tax Treatments. The adequacy of this liability is evaluated on a regular basis in consultation with external advisors.

Note 15 – Income tax expense and *Note 22 – Tax assets and liabilities* set out further information about income tax and related risks. As a leader in tax and accounting products, we take our responsibility as a corporate citizen seriously.

Our approach to tax matters is explained in our Tax Principles that are reviewed annually and updated as appropriate. Wolters Kluwer also subscribes to the principles of the VNO-NCW Tax Governance Code that was issued in 2022. Wolters Kluwer's tax policy and principles are largely in line with this code and already comply with most elements therein. We are planning for further information disclosure and transparency which will bring us to full compliance.

Further information can be found in our Tax Principles available on our website. The full version of the VNO-NCW Tax Governance Code is available at www.vno-ncw.nl/taxgovernancecode.



Risk management continued

Financial & financial reporting risks continued



Risk description and impact

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 estimates, judgments, 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.

Mitigation

We maintain an Internal Control Framework for financial reporting. Our Internal Audit and Internal Control departments monitor progress in resolving any audit findings and perform follow-up visits and remediation testing to determine whether those findings are timely and effectively resolved.

Senior executives in our divisions and operating companies and senior corporate staff members sign letters of representation semi-annually, certifying compliance with applicable financial reporting regulations and accounting policies.

Independent internal control reviews are carried out to ensure compliance with policies and procedures. These reviews ensure that existing controls provide adequate protection against actual risks.

Financial results are reviewed by our Business, Analysis & Control, Consolidation, Group Accounting & Reporting, Treasury, and Corporate Tax departments in monthly development meetings as part of regular business reviews with the Executive Board.

Our Group Accounting & Reporting department periodically provides updates and training to our businesses about changes in policies, accounting standards, and financial focus areas. Reconciliations of statutory accounts are done by the Group Accounting & Reporting and Corporate Tax departments, which include a comparison between group reported figures, statutory figures, and tax filings.

Financial & financial reporting risks continued

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:

	Adjusted operating profit	Diluted adjusted EPS
	<i>€ millions</i>	<i>€ cents</i>
<i>potential impact</i>		
1% decline of the U.S. dollar against the euro	(13)	(3)
1% decrease in discount rate in determining the gross service costs for the post-employment benefit plans	(7)	(2)
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	(6)

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, Risk management, and Sustainability statements that is included in the 2023 Annual Report. The Report of the Executive Board and 2023 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 2023 does not contain any errors of material importance;
- Under the current circumstances, there is 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 2023 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 20, 2024

Executive Board

Nancy McKinstry

CEO and Chair of the Executive Board

Kevin Entricken

CFO and member of the Executive Board

Executive Board



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 Global Law and Compliance.

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 divisional performance, Global Strategy, Business Development, Technology, Global Business Services, Communications, Human Resources, Corporate Governance, and Sustainability.

Supervisory Board



Ann Ziegler

American, 1958, 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 2025.

Former Senior Vice President, CFO, and Executive Committee member of CDW Corporation

Other positions:

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



Jack de Kreij

Dutch, 1959, Vice-Chair of the Supervisory Board, and Chair of the Audit Committee. Appointed in 2020, and current term until 2024.

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

Other positions:

- Member Supervisory Board, Chair Audit Committee, and member Remuneration Committee of ASML N.V.
- Member Supervisory Board, Chair Audit Committee, and member ESG Committee of Royal Boskalis Westminster N.V.
- Member of the Board (Non-Executive Director), Chair Audit Committee, Chair Investment Committee, and member People and Organization Committee of Oranje Fonds
- Vice-Chair Supervisory Board and Chair Audit Committee of TomTom N.V.
- Chair VEVO (Dutch Association of Securities-Issuing Companies)
- Member of the Board of Stichting Preferente Aandelen Philips



Sophie V. Vandebroek

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

Founder Strategic Vision Ventures, LLC, former CTO of Xerox, and former Chief Operating Officer at IBM Research

Other positions:

- Member Board of Directors (Non-Executive Director) and member Finance and Governance & Corporate Responsibility Committees of IDEXX Laboratories, Inc.
- Member of the Board of Directors (Non-Executive Director) of Revvity, Inc.
- Member Board of Directors (Non-Executive Director) and member Compensation and ESG Committees of Inari Agriculture
- Member Board of Trustees and member Compensation and Nomination Committees of the Boston Museum of Sciences
- Honorary Professor, KU Leuven Faculty of Engineering Science
- Chair of the International Advisory Board, Flanders AI Research Program



Heleen Kersten

Dutch, 1965, member of the Selection and Remuneration Committee. Appointed in 2022, and current term until 2026.

Partner and Lawyer at Dutch law firm Stibbe N.V.

Other positions:

- Chair of the Board of the Dutch Red Cross



Jeanette Horan

British, 1955, Co-Chair of the Selection and Remuneration Committee, dealing with remuneration matters.

Appointed in 2016, and current term until 2024.

Former Chief Information Officer at IBM

Other positions:

- Member of the Board (Non-Executive Director) and member Audit and Technology Committees of Nokia (stepping down in April 2024)
- Member of the 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



Chris Vogelzang

Dutch, 1962, member of the Audit Committee. Appointed in 2019, and current term until 2027.

Former CEO of Danske Bank A/S

Other positions:

- Senior Advisor, Boston Consulting Group

Report of the Supervisory Board

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The Supervisory Board was pleased to see the significant progress on sustainability commitments made two years ago.



Ann Ziegler
Chair of the
Supervisory Board

This report provides an overview of the activities of the Supervisory Board and its committees during the year. The Supervisory Board supervises the Executive Board in setting and achieving the company's strategy, including sustainability, targets, and policies, and oversees the general course of affairs of the company. The Supervisory Board also acts as advisor to the Executive Board.

Introduction by the Chair of the Supervisory Board

On behalf of the Supervisory Board of Wolters Kluwer, I am delighted to present our report for the year 2023. It was a year of exacerbated geopolitical tensions and economic headwinds. The company was able to withstand a sharp downturn in transactional revenues caused by the prolonged period of high interest rates, by driving strong performance in subscription products, in particular *expert solutions*, cloud software, and digital information solutions. The creation of a new division was a bold organizational change that opens up new opportunities and creates scope for synergies in coming years. The centralization of technology, finance, and other functions was another major undertaking during this past year.

Early in 2023, we all witnessed the rapid emergence of scalable generative artificial intelligence (AI) tools and I'm pleased the team mobilized quickly to discover ways to deploy this technology to the benefit of customers, while ensuring we follow our responsible AI framework and principles.

The Supervisory Board was kept updated on important product development projects and other strategic initiatives, such as the formation of the new Corporate Performance & ESG division. While there were relatively few acquisitions in 2023, the product development engine was very active as evidenced by the record level of internal investment.

The Supervisory Board was pleased to see the significant progress on sustainability commitments made two years ago. Employee engagement and belonging scores both increased in 2023, and programs are in place to support further progress. The server decommissioning program exceeded expectations and we will now substitute a new metric related to our office space to provide an incentive for further progress on reducing our environmental footprint. I am delighted Wolters Kluwer now has SBTi-validated near-term emission reduction targets. In this annual report, ESG disclosures have been further expanded as the company prepares for the implementation of the EU CSRD regulation.

During 2023, we conducted a thorough process to recruit a new Supervisory Board member. We are very fortunate to be able to nominate Mr. David Sides, who brings enormous expertise and experience in U.S. healthcare informatics.

This past year, I had the pleasure of meeting a diverse range of small and large shareholders from different parts of the world. We greatly appreciate hearing their views, concerns, and questions, on all topics from strategy to sustainability.

As we head into 2024, the environment in which we operate remains somewhat volatile, but the team has sound plans in place to continue driving performance and has the experience to tackle new challenges which might come our way. I look forward to working with my colleagues on the Supervisory Board and guiding the Executive Board as they execute on the final year of the current strategic plan.

Ann Ziegler
Chair of the Supervisory Board

Report of the Supervisory Board continued

Meetings

The Supervisory Board held seven scheduled meetings in 2023. Five meetings included a session for Supervisory Board members only, without the members of the Executive Board being present. The Chair of the Supervisory Board had regular contact with the Chair of the Executive Board.

Financial statements

The Executive Board submitted the 2023 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 2023 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 2023 Financial statements at the Annual General Meeting of Shareholders of May 8, 2024 (2024 AGM).

→ See the 2023 Financial statements on [page 142](#)

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, followed by individual meetings with the members of the Executive Board.

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 transition to the new Chair of the Supervisory Board went smoothly. The evaluation confirmed that 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, constructive, and transparent atmosphere with each of the members actively participating. The Supervisory Board appreciates the deep dives on relevant topics, which provide the Supervisory Board or its committees with more in-depth information on certain topics, such as sustainability reporting or restructuring efforts. Based on feedback of the Supervisory Board members, the governance structure and allocation of responsibilities between the Supervisory Board and its committees with respect to sustainability topics was further refined and confirmed in the updated By-Laws of the Supervisory Board. In addition, a deep dive session regarding the competitive landscape of Wolters Kluwer was organized at the request of the Supervisory Board. The Supervisory Board also reviewed the onboarding process for new members and received additional information on product demos. The Supervisory Board remains focused on a good balance between to the point pre-read materials, presentations, and discussions, as it is considered important to have interactive discussions with several layers of management.

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. Throughout the year, all members can come

up with requests for additional information and suggestions to further enhance the quality of the meetings. In addition, the Supervisory Board evaluates the Vision & Strategy Plan (VSP) presentations at the end of the meetings in which they were held and comes up with recommendations for future presentations.

Strategy

The Supervisory Board was kept closely informed on the second year of execution of the three-year strategy for 2022-2024, *Elevate Our Value*, which was announced in February 2022. Based on their knowledge and experience, the Supervisory Board members advise the Executive Board throughout the year on strategic topics.

The Supervisory Board approved the new divisional structure, in which a fifth division, Corporate Performance & ESG, was created in March 2023. The Supervisory Board strongly supported this change, enabling management of the Corporate Performance & ESG division to fully focus on their markets and business units with high growth potential. The addition of a new division was also a good opportunity from a management development perspective, as it provided various employees the opportunity to broaden their perspective and grow into new managerial roles. The Supervisory Board was pleased to see that most new executive, senior, and junior level roles were filled by internal candidates.

As in other years, the divisional CEOs presented their VSPs for 2024-2026 to the Supervisory Board. These presentations enable 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

Report of the Supervisory Board continued

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 the performance, key market trends, strategy, and competitive developments. In addition, with a view on talent management and having solid replacement plans, speaking directly to senior management is deemed important for the Supervisory Board.

In September 2023, the Supervisory Board visited Minneapolis where management of the Financial & Corporate Compliance (FCC) division presented its business. In addition to the divisional VSP, several managers of the FCC division presented their business and gave product demos, which also included early-stage innovations. The Supervisory Board also attended a panel discussion on the business opportunities of the new beneficial ownership rules in the United States. These rules, which went into effect on January 1, 2024, create an interesting business opportunity for the FCC and Tax & Accounting divisions. The panel consisted of Wolters Kluwer managers, customers, and an external expert. The interaction with several layers of management and customers during the working visit contributes significantly to the Supervisory Board's deep understanding of the business.

Innovation is a key component of the company's strategy. The Supervisory Board was informed about the innovation activities and investments within Wolters Kluwer and strongly supports this. As part of the strategy, the company annually reinvests approximately 10% of the group revenues into product development. 2023 was the thirteenth consecutive year in which Wolters Kluwer rewarded promising new internal business initiatives via the Global Innovation Awards (GIA).

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. In 2023, a record of 662 GIA submissions were received. Of these, four category winners were chosen by the Innovation Board and two ideas were recognized exclusively by Ms. McKinstry with CEO Choice Awards. One of the awarded teams presented their innovation submission to the Supervisory Board. A strong culture of innovation and continuing investment in new and enhanced products, including *expert solutions*, is an important means for driving sustainable long-term value creation at Wolters Kluwer.

In line with prior years, management of Global Business Services (GBS) and Digital eXperience Group (DXG) gave presentations, updating the Supervisory Board on the company's technology strategy and execution thereof. The GBS presentation included a deep dive on cybersecurity and disaster recovery plans. Considering the rapidly changing technological developments, this remains a key topic. The Supervisory Board appreciated the insight in the plans and actions and overall feels that the IT infrastructure of Wolters Kluwer is well managed. The DXG presentation included an extensive explanation on the company's actions and governance structure with respect to AI, focusing on large language models. DXG leads the AI Center of Excellence and plays an important role in the company's innovation by offering scalable services and technology to the divisions, which can be used in business units across the company. The presentation included demos of products which



already contain AI and an explanation on how Wolters Kluwer can further benefit from the use of AI, including large language models, and other advance technologies in its products. In addition, the company's approach towards responsible AI was discussed. While the company carefully monitors potential threats and business disruption, management believes that overall, AI brings interesting opportunities for the company.

The Global Brand & Communications team gave a presentation on the design and execution of the brand strategy. Increased brand recognition can contribute to sustainable long-term value creation. The team also updated the Supervisory Board on external awards, which included the number two ranking in Newsweek's list of most trustworthy companies globally in the Business & Professional Services category.

In relation to the strategy, 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. In addition to the deep dive session on the competitive position, as a routine item, 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

Acquisitions and divestments

The Executive Board kept the Supervisory Board informed about all pending acquisition and divestment activities. During the year under review, there were no acquisitions with a transaction value above the threshold for Supervisory Board approval (1% of consolidated revenues).

The Supervisory Board also discussed the performance and value creation of previous acquisitions, taking into consideration Wolters Kluwer's financial and strategic criteria for acquisitions. The lessons learned from these annual reviews are taken into consideration for future 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 the risk appetite per risk category, as well as the assessment of internal risk management and control systems and ongoing actions to further improve these systems. The Supervisory Board was informed about the efforts of the company to assess climate-related risks and the plans to further mature this assessment in the future.

The Supervisory Board discussed the implementation of the amended Dutch Corporate Governance Code, which was published in December 2022. Changes which were relevant for the Audit Committee and Selection and Remuneration Committee, were also discussed in those committees. As part of the implementation, the Supervisory Board adopted the updated By-Laws for the Boards, as well as Terms of Reference for the Committees.

→ For more information, see [Corporate governance on page 44](#) and [Risk management on page 50](#)

Sustainability

The Supervisory Board has oversight of and actively discussed the company's sustainability/ESG performance and reporting. The Supervisory Board is supportive of the company's sustainability approach and the increased focus on environmental and social matters. The Supervisory Board strongly supports and approved the submission of near-term targets and the net-zero commitment with the Science Based Targets initiative (SBTi). The near-term targets were validated by the SBTi in the fourth quarter of 2023, which is an important milestone for the company's sustainability efforts.

The Audit Committee and Supervisory Board were also kept informed on the preparations for compliance with the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS),

which will apply as of financial year 2024 (for the annual reports which will be published in 2025 and subsequent years). As part of these preparations, the company conducted an extensive initial double materiality assessment which was discussed with the Audit Committee and the full Supervisory Board. The Supervisory Board supports the outcomes of the assessment, based on the thorough underlying process and documentation provided.

In addition, the Supervisory Board was kept informed on other environmental and social topics, such as Diversity, Equity, Inclusion, and Belonging (DEIB), during several meetings. The responsibilities of the Supervisory Board and its committees with respect to sustainability were reflected in the updated By-Laws and Terms of Reference, underpinning the commitment of the Supervisory Board to carefully monitor this topic and provide the Executive Board with advice.

The intensified focus on sustainability is also reflected by the fact that since 2021, non-financial targets make up 10% of the Executive Board's short-term incentive targets. The Supervisory Board continues to support the sustainability activities of the company and believes that these efforts will contribute to an inclusive culture of integrity, accountability, and transparency, creating sustainable long-term value for all stakeholders.

→ For more information on sustainability, see [Sustainability statements on page 89](#)

Report of the Supervisory Board continued

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. DEIB is close at heart of the Supervisory Board and is integrated in presentations and discussions on various topics. 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.

In the context of the implementation of the amended Corporate Governance Code, the Supervisory Board approved the Global DEIB Policy, as well as the targets for gender representation in the sub-top of the company. This target aims at an increase of female representation in the company's executive career band by two percentage points by 2028, from a 2022 baseline.

The Supervisory Board was also updated on and discussed the results of Wolters Kluwer's employee engagement survey, which measures important topics such as engagement, belonging, alignment, agility, career development, and other components driving engagement, and supporting a culture aimed at sustainable long-term value creation. The results were positive. The company continues executing action plans to further improve in these areas.

Finance

The Supervisory Board and Audit Committee carefully observe the financing of the company, including the balance sheet, cash flow developments, and available headroom. The Supervisory Board also closely monitors the development of, among others, net-debt-to-EBITDA ratio and liquidity planning.

The Supervisory Board approved the share buyback program of up to €1 billion in 2023, as well as the €100 million share buyback for the period starting January 2, 2024, up to and including February 19, 2024, and the block trade to set off EPS dilution due to performance shares under the 2021-2023 long-term incentive plan which will be released to participants on February 22, 2024.

With respect to the funding of the company, the Supervisory Board approved the new €700 million eight-year senior bonds, which were issued in March 2023.

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 the annual and interim financial results. The dividend increase of 15% over 2022, which was approved by the AGM in 2023, and the proposed dividend increase of 15% over 2023 (to be approved by the AGM in 2024), are a sign of the strong confidence the Executive Board and Supervisory Board have in the future and financial stability of the company. Together with the share buyback programs, the cash-return to shareholders is well balanced with the annual investment of approximately 10% of group revenues in innovation and the headroom for acquisitions.

The Supervisory Board discussed the impact of a new Dutch law regarding taxation of share buybacks, which may become effective as of January 1, 2025. Management will keep the Supervisory Board informed about the potential impact and alternatives.

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, ESG developments, 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 updates. The Supervisory Board approved the increase of the full-year 2023 guidance in the half-year results press release which was issued in August. In addition, two Supervisory Board members had virtual meetings with several shareholders in the second half of 2023, focused on corporate governance, ESG, and AI.

Audit Committee

The Audit Committee had four regular meetings in 2023, during the preparation of the full-year 2022 and half-year 2023 results, and around the first-quarter 2023 trading update and nine-month 2023 trading update. In addition, in January 2023, the Audit Committee had a separate deep

Report of the Supervisory Board continued

dive session with corporate staff representatives regarding sustainability reporting and the request for proposal for a new audit firm. There was one scheduled conference call in December between the external auditor, the Chair of the Audit Committee, and the CFO.

The Audit Committee consisted of Mr. de Kreij (Chair), Ms. Vandebroek, and Mr. Vogelzang. The regular 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 2023, as routine agenda items, the Audit Committee had discussions with the external auditor, as well as with the head of Internal Audit, without the members of the Executive Board being present at the end of two meetings. 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.

Key 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, accounting topics, ESG, pensions, tax planning, impairment testing, the Treasury Policy, the financing of the company, risk management, restructuring plans, cybersecurity, hedging, litigation reporting, incident management, the Auditor Independence Policy, and the quarterly reports and the full-year report on the audit of the external auditor.

In January 2023, the Audit Committee recommended to the full Supervisory Board to nominate KPMG Accountants N.V. as new audit firm as of financial year 2025. This recommendation, which was followed by the Supervisory Board, was the result of an extensive request for proposal process for the auditor rotation, which is required under Dutch law every 10 years. Important criteria included the audit approach, international and sector experience, composition and fit of the team (including diversity), the transition approach, independence resolution, and proposed fees. In the 2023 AGM, KPMG was indeed appointed as auditor as of financial year 2025.

The Audit Committee has reviewed the performance of the current external auditor (Deloitte), the proposed audit scope and approach, the audit fees, and the independence of the external auditor, and has reviewed and approved the other assurance services, tax advisory services, and other non-audit services provided by the external auditor. The Auditor Independence Policy, which was updated in 2023, is available on the website.

→ [The Auditor Independence Policy
www.wolterskluwer.com/en/investors/
governance/policies-and-articles](https://www.wolterskluwer.com/en/investors/governance/policies-and-articles)

Selection and Remuneration Committee

The Selection and Remuneration Committee met four times in 2023. The Committee consisted of Ms. Horan (who chairs the remuneration-related matters), Ms. Ziegler (who chairs the selection and nomination-related matters), and Ms. Kersten. After every meeting, the respective chairs of the Committee report back to the full Supervisory Board. The resolutions regarding nominations and remuneration were taken by the full Supervisory Board based on recommendations from the Committee.

For more information about the remuneration policy of the Executive Board and the Supervisory Board and the execution thereof, see *Remuneration report*.

→ [See our Remuneration report on page 70](#)

Supervisory Board composition

After the AGM in 2023, Mr. Bodson resigned from the Supervisory Board due to the workload of his other activities. During 2023, the Supervisory Board searched for a replacement of Mr. Bodson. Based on the recommendation of the Selection and Remuneration Committee, the Supervisory Board nominates Mr. David Sides for appointment as new member of the Supervisory Board in the 2024 AGM, in view of his knowledge of the healthcare sector, coupled with his financial and commercial acumen, as well as his extensive experience in leading innovative companies.

Report of the Supervisory Board continued

In 2024, the first term of both Mr. Jack de Kreij and Ms. Sophie Vandebroek will expire. Ms. Vandebroek is available for a reappointment of four years. Mr. De Kreij is available for a reappointment of two years. The Supervisory Board, after careful consideration, will nominate Mr. De Kreij and Ms. Vandebroek for reappointment in the 2024 AGM. A further explanation can be found in the agenda of the AGM.

In 2024, the second term of Ms. Horan will expire as well. Regretfully, she informed the Supervisory Board that she is not available for reappointment. The Supervisory Board would like to thank Ms. Horan for her knowledgeable and much appreciated contributions during her eight years on the Supervisory Board, and in particular for chairing the Selection and Remuneration Committee with respect to remuneration topics for seven years. The Supervisory Board is currently conducting a search for the replacement of Ms. Horan as member of the Supervisory Board.

The composition of the Supervisory Board is in line with its profile and diversity policy, reflecting a diverse composition with respect to expertise, nationality, gender, and age, reflecting the international nature and geographic scope of the company. Three nationalities are represented on the Supervisory Board, with different talents and relevant areas of expertise. The Supervisory Board currently has a male/female representation of 33% male and 67% female, which is in line with the diversity policy and Dutch law, requiring a representation of at least one third male and female. After the appointment of Mr. Sides and the retirement of Ms. Horan, the representation will be 50% male and 50% female.

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 www.wolterskluwer.com/en/investors/governance/supervisory-board-committees

All Supervisory Board members comply with the Dutch law and the By-Laws 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 61](#)

→ See Corporate governance on [page 44](#)

The Supervisory Board would like to thank the Executive Board and all employees worldwide for their efforts in the past year. The strong results of the company and ongoing focus on serving customers and sustainable long-term value creation, within an innovative, diverse, and transparent culture, were highly appreciated by the Supervisory Board.

Meeting attendance

	Supervisory Board	Audit Committee	Selection & Remuneration Committee
Number of meetings held	7	5	4
A.E. Ziegler	7	–	4
J.P. de Kreij	7	5	–
B.J.F. Bodson*	3	–	–
J.A. Horan	7	–	4
H.H. Kerstens	7	–	4
S. Vandebroek	6	4	–
C.F.H.H. Vogelzang	7	5	–

* Mr. Bodson retired after the 2023 AGM.

Alphen aan den Rijn, February 20, 2024

Supervisory Board

Ann Ziegler, Chair
Jack de Kreij, Vice-Chair
Jeanette Horan
Heleen Kersten
Sophie Vandebroek
Chris Vogelzang

Remuneration report

“

Despite challenges, all financial and non-financial targets were met or exceeded.



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

This remuneration report outlines our philosophy and framework for management pay, provides a summary of our remuneration policy, and lays out how the policy was applied in 2023. We discuss how performance drove the outcome for 2023 and how the policy will be applied in 2024.

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 2023 remuneration report, in which we outline our pay-for-performance philosophy and our strategy-linked framework, and provide a summary of our remuneration policy. We explain how performance translated into the remuneration earned for 2023 and set out how the remuneration policy will be applied in 2024.

2023 performance and STIP outcome

In many ways, 2023 saw a continuation of the external conditions that arose the year before, including challenges presented by geopolitical events and macroeconomic conditions. Last year was also a year of significant internal change at Wolters Kluwer, notably the formation of a new fifth division by bringing several business units together and the centralization of key functions such as technology, communication, and finance. These changes were executed well in 2023 and prepare the organization to take advantage of opportunities that lie ahead.

As discussed in the strategic report, the company finished the year 2023 with financial results that were in line with the overall group-level guidance provided at the start of the year. Fundamental to driving these financial results is the strategy of focusing on *expert solutions*, investing in innovation, while continuing to evolve organizational capabilities and driving operational excellence.

Despite the challenges, the company achieved 6% organic growth, resulting in an absolute 2023 revenue achievement in line with target. The adjusted operating profit margin was improved by 30 basis points, which after interest and tax, resulted in a 7% increase in adjusted net profit in constant currencies. Adjusted net profit of €1,119 million was in line with target. Adjusted free cash flow of €1,164 million declined 2% in constant currencies and exceeded the target by 1%.

To provide incentives for advancing our sustainability and ESG performance, the Supervisory Board set targets for three non-financial measures for 2023, which together carried a weight of 10% in the short-term incentive plan (STIP). Employee belonging, the indicator we have chosen to measure our global performance on diversity, equity, and inclusion, increased by 2 points to 75, exceeding the target which was to increase it by 1 point. The second non-financial measure, indexed cybersecurity maturity score, aims to ensure the group maintains security at or above the benchmark for high-tech companies. This target was also exceeded in 2023. The third non-financial measure for 2023, aimed at reducing the environmental impact of our remaining in-house data centers, was a target for on-premise servers decommissioned during the year. On this measure, performance was well ahead of target, and the multi-year program to migrate customers and applications to energy-efficient cloud infrastructure has reached a mature stage.

2021-2023 performance and LTIP outcome

The long-term incentive plan (LTIP) which vested on December 31, 2023, and which will be paid out in February 2024, was the first plan to have started under the remuneration policy adopted by shareholders in 2021. This LTIP was therefore linked to performance on relative total shareholder return, diluted adjusted EPS, and return on invested capital.

Total shareholder return (TSR), including dividends and using a 60-day average share price at the start and at the end of the

Remuneration report continued

three-year period, was 88%. This TSR performance placed Wolters Kluwer in third place ahead of 13 of its TSR peers, which are comprised of comparable publicly listed U.S. and European information and software companies. Over the three-year LTIP period, 2021-2023, the share price rose 86%, very significantly outperforming the broader stock market indices, including the STOXX Europe 600 and the Amsterdam AEX.

For the second measure, diluted adjusted EPS, the compound annual growth rate over the three-year performance period was 12.3% in constant currencies, exceeding the target of 8.3% calculated based on constant currencies for 2023.

For the third measure, return on invested capital (ROIC), the final year ROIC result was 16.9% in constant currencies for 2023 (16.8% in reporting currencies), which exceeded the target of 14.2% in constant currencies.

Performance across these three LTIP measures therefore resulted in above target payout. The realized value also reflects the significant share price appreciation over the period.

Looking ahead: STIP 2024

During the past three years, the Supervisory Board has monitored the effectiveness of the non-financial metrics that have been used in the short-term incentive plan. The Board is of the opinion that these non-financial measures should not only be quantifiable and verifiable, but should also provide the appropriate incentives for the Executive Board to advance important strategic objectives, including sustainability goals.

One of the sustainability goals is to make steady annual progress in building a diverse, equitable, and inclusive culture among the global workforce. Significant progress has been made but we continue to aim to become a leader on this front. Another sustainability goal is to make further progress in reducing our direct greenhouse gas emissions. Here, the server decommissioning measure will be replaced in 2024 with a new goal to provide further incentive to reducing our global office footprint.

With regard to our cybersecurity maturity, we are well-positioned compared to our industry benchmark and the goal is to maintain our maturity score, which in itself requires constant effort and investment.

Looking ahead: LTIP 2024-2026

The LTIP for 2024-2026, which reflects the remuneration policy that was adopted by shareholders in 2021, will again include relative TSR at 50%, diluted adjusted EPS at 30%, and ROIC at 20%.

No changes were made to the TSR peer group in 2023. The Supervisory Board continues to monitor this group given the periodic delistings and mergers that take place in our sector.

The Supervisory Board has set three-year targets for compound annual growth in diluted adjusted EPS and for final year ROIC, applying additional stretch to the underlying financial plan that underpins the strategy. These forward-looking three-year targets are disclosed on [page 85](#).

The 2022 remuneration report received strong shareholder support with over 93% of votes in favor of the report. We trust this 2023 report provides a clear explanation of the drivers of 2023 remuneration and transparent disclosure on future goals and that shareholders can again support this report at our Annual General Meeting of Shareholders on May 8, 2024.

Jeanette Horan

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

→ The 2024 AGM agenda is available at www.wolterskluwer.com/agm

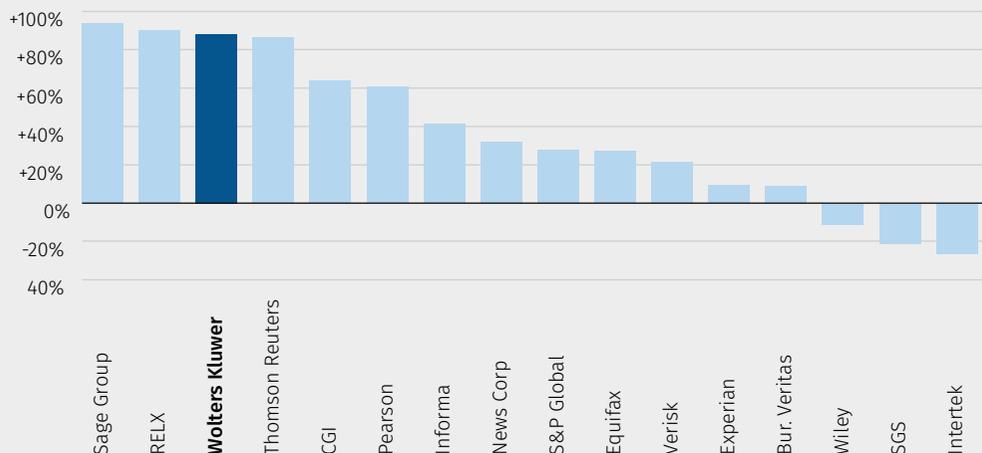
Remuneration at a glance

Summary performance against 2023 STIP targets

Measure	Target	Actual performance	
		Actual	% of target
Financial - in millions of euros			
Revenues	5,605	5,584	100%
Adjusted net profit	1,113	1,119	100%
Adjusted free cash flow	1,151	1,164	101%
Non-financial			
Employee belonging score	+1 point	+2 points	105%
Indexed cybersecurity maturity score	109.4	113.8	110%
Number of on-premise servers decommissioned	600-999	1,542	110%

Financial STIP targets and actual performance are shown in reporting currencies. For details on STIP target outcomes, see [page 80](#).

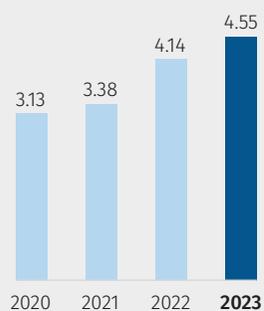
Three-year 2021-2023 total shareholder return (TSR)



Wolters Kluwer achieved **third 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.

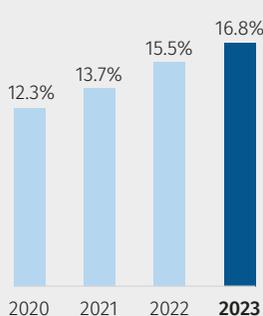
The company uses a 60-day average of the share price at the beginning and the end of each three-year performance period to reduce the influence of potential stock market volatility.

Diluted adjusted EPS CAGR 2021-2023: 12.3% in constant currencies



Target for diluted adjusted EPS CAGR 2021-2023 was 8.3% in constant currencies for 2023.

Return on invested capital 2023: 16.9% in constant currencies



Target for final year ROIC 2023 was 14.2% in constant currencies for 2023.

CEO target and realized pay 2023

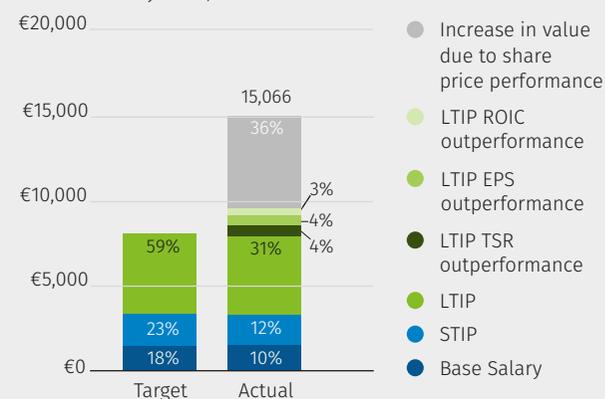
Impact of performance and share price on remuneration

Target pay reflects the number of LTIP shares conditionally awarded for LTIP 2021-2023 valued at the closing share price on December 31, 2020 (€69.06).

Realized actual pay reflects the number of LTIP shares earned valued at the closing share price on December 31, 2023 (€128.70).

The final payout will be valued at the volume-weighted-average share price on February 22, 2024.

in thousands of euros, unless otherwise stated



Remuneration report continued

Our remuneration policy

Below we provide a summary of the Executive Board remuneration policy which was adopted in 2021.

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

Key elements of our remuneration policy

Remuneration peer group	The policy provides for a remuneration peer group that is weighted towards European companies at approximately 60%. Current pay peers are shown on page 76 .
STIP performance measures – financial	<p>The policy provides a pre-defined list of financial measures from which the Selection & Remuneration Committee can select. The STIP financial measures 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:</p> <ul style="list-style-type: none"> • Revenues* • Organic growth • Adjusted operating profit • Adjusted operating profit margin • Adjusted net profit* • Adjusted free cash flow* • Cash conversion ratio <p>* These financial measures have been applied for the past few years and will be used in 2024.</p>
STIP performance measures – non-financial	<p>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.</p> <p>The maximum weighting of non-financial measures is 20%. In 2023, the weighting was 10% and included the following three strategically important metrics:</p> <ul style="list-style-type: none"> • Belonging score (a quantified measure of diversity, equity, and inclusion) • Indexed cybersecurity maturity score • Number of on-premise servers decommissioned (reducing carbon footprint) <p>In 2024, the weighting of non-financial measures will be 10%. The environmental measure (servers decommissioned) will be replaced by a percentage reduction in our office footprint.</p>
LTIP performance measures	<p>The policy stipulates the following measures for the LTIP:</p> <ul style="list-style-type: none"> • Relative total shareholder return, weighted at 50% • Diluted adjusted EPS, weighted at 30% • Return on invested capital (ROIC), weighted at 20%
Share ownership and holding requirements	The policy has minimum share ownership requirements: 3x base salary for CEO, 2x base salary for CFO, and a two-year holding period post vesting.

Remuneration report continued

Our remuneration philosophy

Clear alignment between executive rewards and stakeholder 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.

The Selection and Remuneration Committee engages 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.

We disclose targets, achievements, and resulting pay outcomes for both the STIP and LTIP retrospectively in this report. In addition, we disclose prospective LTIP targets.

The Supervisory Board determines Executive Board remuneration based on 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

Principles of Executive Board remuneration	Key feature
Pay for performance and strategic progress	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Policy provides management with incentives 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 incentives are 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	<ul style="list-style-type: none"> • 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 (CEO)	Creates incentives to deliver performance against annual financial and non-financial goals
LTIP	Conditional rights on ordinary shares, subject to a three-year vesting schedule and three-year performance targets; maximum opportunity 240% of base salary (CEO)	Creates incentives to deliver financial performance and create long-term value; demonstrates long-term alignment with shareholder interests
Pension	Defined contribution retirement savings plan that is available to all employees in the same 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 same 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 sustainable long-term value creation. Our strategy aims to deliver continued good organic growth and incremental improvement to our adjusted profit margins and return on invested capital, as we seek to drive long-term sustainable value for all stakeholders.

Purpose: deliver impact when it matters most

Our strategic goals

Accelerate Expert Solutions

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

Our values

Focus on customer success

Make it better

Aim high and deliver

Win as a team

Financial and non-financial metrics in short-term incentive plan (STIP) and long-term incentive plan (LTIP)

Executive Board remuneration policy (adopted at the 2021 AGM):

STIP financial measures – 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

STIP non-financial measures:

ESG, strategic, or operational measures, including employee engagement score, customer satisfaction scores, measures of good corporate governance, measures of operational excellence, and measures of environmental impact.

LTIP financial measures:

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

For 2024, the STIP financial measures will be the same as in 2023: revenues, adjusted net profit, and adjusted free cash flow. The STIP non-financial measures will be: employee belonging score, indexed cybersecurity maturity score, and a percentage reduction in our global office footprint (square meters).

The number of on-premise servers decommissioned, which was a target in 2023 and prior years, will not be included as a target in 2024 as the progress over the past three years has brought this program to an advanced level of maturity.

Remuneration report continued

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 most likely would be recruited to or from. The pay peer group includes 9 North American and 14 European companies, making it approximately 60% European. The most comparable businesses 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 2023, the pay peer group consisted of the companies shown in the table on the right. Companies included in the TSR peer group are marked 'TSR'.

TSR peer group

The TSR peer group consists of 15 companies that are used as the comparator group to determine relative TSR performance, which is one of the measures used in the LTIP. The TSR peer group is comprised of digital information, software, and services businesses.

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.

The TSR peer group is a sub-set of the pay peer group, with the exception of Wiley and CGI which are not in the pay peer group.

Pay and TSR peer groups

North American comparators	European comparators
CGI ^{1,4} 	Atos
Equifax 	Bureau Veritas 
Gartner ²	Capgemini
Gen Digital ³	Clarivate ⁵
Intuit	Dassault Systèmes
MSCI	Experian 
News Corporation 	Informa 
S&P Global 	Intertek Group 
Thomson Reuters 	Pearson 
Verisk Analytics 	RELX 
Wiley ⁴ 	SGS 
	Teleperformance
	Temenos
	The Sage Group 

1 CGI Inc replaced IHS Markit plc in the TSR peer group after the latter was acquired by S&P Global in 2022.

2 Gartner Inc replaced Nielsen Holdings Inc which was delisted in October 2022.

3 Gen Digital Inc was formerly named NortonLifeLock which merged with Avast in 2022.

4 CGI and Wiley (John Wiley & Sons) are included in the TSR peer group but not in the pay peer group.

5 Clarivate plc replaced IHS Markit plc in the pay peer group after the latter was acquired by S&P Global in 2022.

 Companies that are included in the TSR peer group.

Remuneration report continued

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, which is updated annually. The Vision & Strategy Plan (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 to give realistic but stretched 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, apart from relative TSR, are based on constant currency rates and consistently applied accounting standards and policies.

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.

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.



Remuneration report continued

Implementation of remuneration policy in 2023

This section outlines the implementation of the remuneration policy for Executive Board members in 2023, in line with the remuneration policy and the remuneration framework discussed above. It also describes how the performance measures were applied in 2023.

For the performance period ending in 2023, remuneration was 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 performance-driven scenario analysis when determining the structure and level of Executive Board remuneration for 2023, as shown on [page 86](#).

The Supervisory Board is of the view that management achieved strong results and delivered for customers, despite geopolitical and macroeconomic challenges faced during the STIP and LTIP performance periods.

2023 STIP financial targets for revenues and adjusted net profit were met, while the STIP target for adjusted free cash flow was slightly exceeded. All three non-financial STIP targets were exceeded. The formulaic outcome will result in cash annual STIP payments of €1,880,643 for the CEO and €854,521 for the CFO.

Three-year performance on total shareholder return (TSR), CAGR in diluted adjusted EPS, and final-year ROIC were all ahead of target. The performance and shares to be paid out for the LTIP 2021-2023 are discussed under *Long-term incentive plans*.

Remuneration of the Executive Board – IFRS based

<i>in thousands of euros, unless otherwise stated</i>	Fixed remuneration				Variable remuneration		Sub-total	Proportion fixed/variable	Tax-related costs ⁵	Total
	Base salary	Social security ⁶	Pension contribution	Other benefits ³	STIP	LTIP ⁴				
2023										
N. McKinstry ¹	1,499	236	104	193	1,881	4,439	8,352	24%/76%	27	8,379
K.B. Entricken ²	809	11	76	207	855	1,868	3,826	29%/71%	(486)	3,340
Total	2,308	247	180	400	2,736	6,307	12,178	26%/74%	(459)	11,719
2022										
N. McKinstry	1,460	101	102	194	1,958	4,616	8,431	22%/78%	(530)	7,901
K.B. Entricken	800	22	74	191	860	1,789	3,736	29%/71%	5	3,741
Total	2,260	123	176	385	2,818	6,405	12,167	24%/76%	(525)	11,642

¹ In 2023, Ms. McKinstry's base salary was \$1,557,000 (€1,498,667). The 2023 STIP payout is calculated on a U.S. dollar denominated equivalent of total salary as: \$1,557,000 x 130.57% (\$2,032,975 equivalent to €1,880,643).

² The 2023 STIP payout of Mr. Entricken is calculated on a U.S.-dollar-denominated equivalent of total base salary as: \$875,000 x 105.57% (\$923,738 equivalent to €854,521).

³ Executive Board members are eligible to receive benefits such as health insurance, life insurance, a car, and to participate in any plans offered to all employees at any given time.

⁴ LTIP share-based payments are based on IFRS accounting standards and therefore do not reflect the actual payout or value of performance shares released upon vesting.

⁵ Tax-related costs are costs to the company pertaining to the Executive Board members ex-patriate assignments. The 2023 tax-related cost changes for Ms. McKinstry were mainly due to time worked in the Netherlands and the U.S. and a reduction in the hypothetical tax collected by the company as a result of a residency change in 2023. For Mr. Entricken, the changes are a result of reduced time spent in the Netherlands in 2023 and a roll-forward of tax credits from the previous year.

⁶ Changes in the social security costs for Ms. McKinstry are a result of being a full-year participant in the U.S. social system in 2023.

Remuneration report continued

Base salary 2023

The Supervisory Board approved an increase of 3.9% in base salary for the CEO and CFO for 2023. This was below the budgeted 4.4% salary increase for Wolters Kluwer employees globally.

Short-term incentive plan 2023

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 assurance by the external auditor of the financial statements, including the financial KPIs on which the financial STIP targets are based.

STIP percentage payout scenarios for 2023

	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%	100%	150%	≥110%

Remuneration report continued

The 2023 STIP performance measures and actual performance compared to targets and the resulting STIP payout are listed in the table below. STIP performance measures are determined by the Supervisory Board and reflect the key performance indicators (KPIs) on which the company reports and that are important measures of the successful execution of our strategy.

Payouts for performance against 2023 STIP targets

in millions of euros, unless otherwise stated

Performance measures	Weighting (A)	Performance targets			Actual performance		STIP outcomes			
		Minimum	Target	Maximum	Performance	As % of target	N. McKinstry Payout, % of base salary (B)	Weighted (A)x(B)	K.B. Entricken Payout, % of base salary	Weighted (A)x(C)
2023										
Financial										
Revenues	34.0%	5,044	5,605	6,165	5,584	100%	125%	42.5%	100%	34.0%
Adjusted net profit	28.0%	1,002	1,113	1,225	1,119	100%	125%	35.0%	100%	28.0%
Adjusted free cash flow	28.0%	1,036	1,151	1,266	1,164	101%	130%	36.4%	105%	29.4%
Non-financial										
Employee belonging score ¹	3.33%	Maintain	+1 point	+3 or more points	+2 points	105%	150%	5.0%	125%	4.2%
Indexed cybersecurity maturity score ²	3.33%	103.1	109.4	113.4	113.8	110%	175%	5.8%	150%	5.0%
Number of on-premise servers decommissioned ³	3.34%	275-399	600-999	1,200+	1,542	110%	175%	5.8%	150%	5.0%
Total payout as % of base salary								130.6%		105.6%

¹ Employee belonging score: performance targets are relative to 2022 score.

² Cybersecurity maturity score is indexed to 2020 = 100.0. Performance targets are set to create incentives to maintain security at or above the benchmark for high-tech companies.

³ Number of on-premise servers decommissioned: performance targets are for absolute number of servers decommissioned.

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. 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.

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, EPS, and ROIC targets.

Under the previous remuneration policy in effect before 2021, the performance measures for the LTIP 2020-2022 were total shareholder return (TSR) and CAGR in diluted EPS. The current remuneration policy, adopted in 2021, uses three performance measures: total shareholder return, CAGR in diluted adjusted EPS, and return on invested capital, described below.

Total shareholder return

TSR objectively measures the company's financial performance and assesses its sustainable 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 sustainable 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 vested 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 percentages

Position	Payout as % of conditional shares awarded for on-target performance
1-2	150%
3-4	125%
5-6	100%
7-8	75%
9-10	0%
11-12	0%
13-14	0%
15-16	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- or ROIC-related shares, depending on Wolters Kluwer's performance compared to targets set for the three-year performance period.

The Supervisory Board determines the exact targets for the EPS- and ROIC-related shares for each three-year performance period at the start of the period. The EPS and ROIC targets are based on performance in constant currencies to exclude the effect of currency movements over which the Executive Board has no control. In addition, diluted adjusted EPS and ROIC performance are based on consistently applied accounting standards and policies. 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%

Remuneration report continued

Performance against LTIP targets for the 2020-2022 and 2021-2023 performance periods

LTIP measure	Weighting	Target	Achievement	Payout %
Period 2021-2023				Vesting
TSR	50%	Position 5-6	Position 3	125%
Diluted adjusted EPS	30%	CAGR of 8.3%	12.3%	150%
ROIC	20%	Final year 14.2%	16.9%	150%
Period 2020-2022*				Vesting
TSR	50%	Position 5-6	Position 3	125%
Diluted EPS*	50%	CAGR of 10.8%	15.9%	150%

* LTIP 2020-2022 was based on the former remuneration policy, which used TSR and diluted EPS. For calculation purposes, we use the definition of diluted EPS that can be found in the *Glossary*.

Performance against LTIP targets in constant currencies for the two most recent LTIP performance periods are provided in the table above. Targets have been recalculated for 2023 constant currencies, and therefore differ from targets stated in 2022 Annual Report.

Vested LTIP plans

LTIP vesting for the performance period 2021-2023

The LTIP 2021-2023 vested on December 31, 2023. Vested LTIP 2021-2023 shares will be released on February 22, 2024. The volume-weighted-average price for the shares released will be based on the average exchange price traded at Euronext Amsterdam on February 22, 2024, the first day following the company's publication of its annual results.

Conditional share awards vested for the period 2021-2023

<i>number of shares, unless otherwise stated</i>	Outstanding at December 31, 2023	Additional conditional number of TSR shares (25%)	Additional conditional number of EPS shares (50%)	Additional conditional number of ROIC shares (50%)	Vested/payout February 21, 2024	Estimated cash value of payout* (in thousands of euros)*
N. McKinstry	66,970	9,655	8,506	5,671	90,802	11,686
K.B. Entricken	26,533	3,825	3,370	2,247	35,975	4,630
Total	93,503	13,480	11,876	7,918	126,777	16,316
Senior management	303,256	37,944	45,564	30,408	417,172	53,690
Total	396,759	51,424	57,440	38,326	543,949	70,006

* Estimated cash value calculated as the number of shares vested multiplied by the closing share price on December 31, 2023 (€128.70).

LTIP vesting for the performance period 2020-2022

The LTIP 2020-2022 vested on December 31, 2022. A total number of 535,063 shares were released on February 23, 2023. On that day, the volume-weighted-average price of Wolters Kluwer N.V. was €109.9098. The number of shares vested and the cash equivalent are shown below.

LTIP: shares vested for the performance period 2020-2022

<i>number of shares, unless otherwise stated</i>	Outstanding at December 31, 2022	Additional conditional number of TSR-shares (25%)	Additional conditional number of EPS-shares (50%)	Vested/payout February 23, 2023	Cash value of vested shares*
N. McKinstry	80,741	12,064	16,243	109,048	11,985
K.B. Entricken	29,320	4,381	5,899	39,600	4,352
Total	110,061	16,445	22,142	148,648	16,338
Senior management	280,967	35,139	70,309	386,415	42,471
Total	391,028	51,584	92,451	535,063	58,809

* Cash value in thousands of euros; calculated as the number of shares vested multiplied by the volume-weighted-average price on February 23, 2023.

Remuneration report continued

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 2022-2024 and 2023-2025

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 2022-2024 and 2023-2025:

Conditional LTIP share awards for performance periods 2022-2024 and 2023-2025

number of shares at 100% payout	Conditionally awarded TSR- based shares	Conditionally awarded ROIC- and EPS-based shares	Conditionally awarded TSR- based shares	Conditionally awarded ROIC- and EPS-based shares	Total conditionally awarded shares
	LTIP 2023-2025	LTIP 2023-2025	LTIP 2022-2024	LTIP 2022-2024	December 31, 2023
N. McKinstry	26,504	19,934	23,129	16,955	86,522
K.B. Entricken	12,092	9,095	9,925	7,276	38,388
Total	38,596	29,029	33,054	24,231	124,910
Senior management*	135,296	134,789	113,099	113,096	496,280
Total	173,892	163,818	146,153	137,327	621,190

* 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 revenues and profit performance. The LTIP targets and payout schedule for senior management are similar to those for the Executive Board.

Key assumptions for LTIP 2022-2024 and LTIP 2023-2025

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 2023-2025	LTIP 2022-2024
Fair values		
Fair value of EPS and ROIC shares at grant date (in €)	91.37	97.82
Fair value of TSR shares at grant date (in €)	68.72	71.71
TSR shares – key assumptions		
Share price at grant date (in €)	97.76	103.60
Expected volatility	23.7%	21.2%

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 2023-2025, the fair value is estimated to be €68.72 as of January 1, 2023. The inputs to the valuation were the Wolters Kluwer share price of €97.76 on the grant date (January 1, 2023) and an expected volatility of 23.7% based on historical daily prices over the three years prior to January 1, 2023. Dividends are assumed to increase annually based on historical trends 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 2024

This section describes arrangements that will be put into place for 2024, 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 3.4%, which is less than the overall budgeted 2024 salary increase of 4.0% for Wolters Kluwer employees globally.

Remuneration report continued

Short-term incentive plan 2024

For both the CEO and CFO, the STIP percentage payout scenarios for 2024 will be the same as in 2023. See 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 remuneration policy adopted in 2021. The Supervisory Board has selected the following measures from the list for 2024:

Financial performance measures for STIP 2024

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 and accounting standards is excluded.
Adjusted net profit	28%	
Adjusted free cash flow	28%	
Total weighting of STIP financial measures	90%	

Non-financial performance measures for STIP 2024

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 2024, 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 2024, the following three strategically relevant, quantifiable, and verifiable non-financial STIP measures will be applied.

Non-financial performance measures for 2024

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 (2023: 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 cybersecurity at or above the industry standard benchmark for high-tech companies. The cybersecurity maturity score is assessed annually by a third party, based on the National Institute of Standards and Technology (NIST) framework. The minimum payout requires the score to be maintained in line with the industry standard for high-tech companies.
Reduction in office footprint	Square meters of office footprint	3.34%	The annual target aims to achieve a reduction in our office footprint and thereby a reduction in our scope 1 and 2 emissions. The targets are based on programs managed by our global real estate team. The target and outcome are on an underlying basis excluding the impact of acquisitions and divestitures.
Total weighting of STIP non-financial measures		10.0%	

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.

Remuneration report continued

Long-term incentive plan 2024-2026

Conditional LTIP grants under the remuneration policy approved in 2021

The CEO's target remuneration has historically been 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 remuneration policy adopted in 2021, in consultation with the CEO, to reduce the maximum award of conditional shares from 285% to 240% of base salary over a two-year period. This change took place in two steps (265% for 2021 and 240% for 2022) and effectively reduced the CEO's target remuneration by about 10%.

The CFO's target conditional award is 200% of base salary.

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

For the LTIP 2024-2026 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 provide incentives for management to drive sustainable 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 shareholders at the 2021 AGM. For plans reflecting this policy, targets are provided below.

LTIP Measure	Weighting	Target in constant currencies
Period 2024-2026		
TSR	50%	Position 5-6
Diluted adjusted EPS	30%	CAGR of 10.0%
ROIC	20%	Final year ROIC of 20.7%
Period 2023-2025		
TSR	50%	Position 5-6
Diluted adjusted EPS	30%	CAGR of 10.9%
ROIC	20%	Final year ROIC of 19.2%
Period 2022-2024		
TSR	50%	Position 5-6
Diluted adjusted EPS	30%	CAGR of 9.3%
ROIC	20%	Final year ROIC of 16.6%

EPS and ROIC targets are stated in constant currencies for the first year of each three-year LTIP period.

Conditional LTIP grants 2024-2026

In accordance with the commitment of the Supervisory Board in 2021 upon adoption of the remuneration policy, the LTIP target level for the 2024-2026 performance period will be 240% of base salary for the CEO. The target level for the CFO is 200% of base salary.

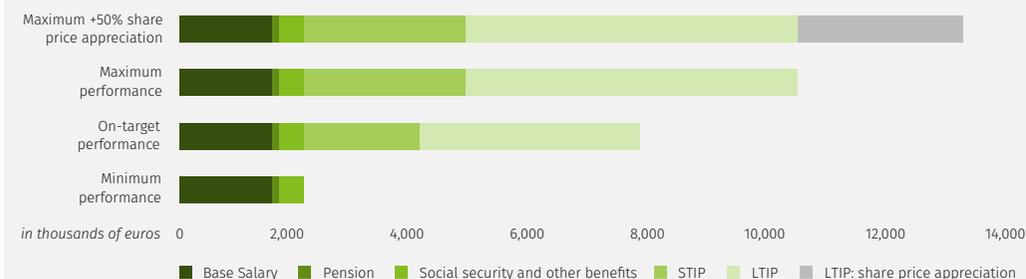
The number of shares conditionally awarded at the start of the performance period is computed by dividing the amount, as calculated above, by the fair value of a conditionally awarded share at the start of the performance period. As the fair value of TSR-related shares can be different from the fair value of EPS- and ROIC-related shares, the number of conditionally awarded TSR-related shares can deviate from the aggregate number of conditionally awarded EPS- and ROIC-related shares.

Remuneration report continued

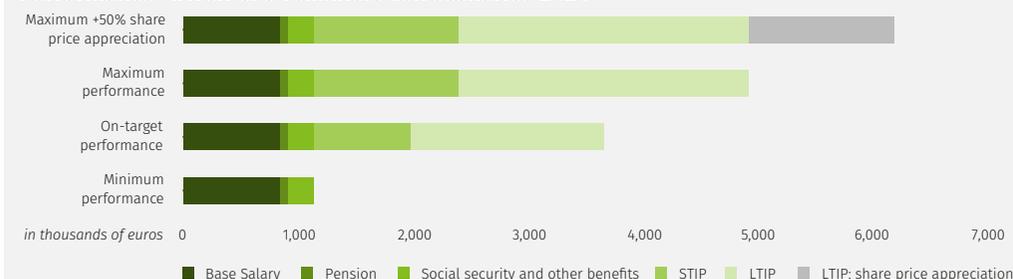
Performance-driven remuneration scenarios 2024

Proposed remuneration for 2024 retains a high proportion of performance-driven pay for CEO and CFO.

Performance-driven CEO remuneration scenarios 2024



Performance-driven CFO remuneration scenarios 2024



Share ownership and holding requirements

According to our remuneration policy, the CEO is 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 continue to be in compliance with this ownership requirement with their personal shareholdings in Wolters Kluwer N.V.

Shares owned by Executive Board members

<i>number of shares, unless otherwise stated</i>	Actual ownership as multiple of base salary (as at December 31, 2023)*	Actual ownership as multiple of base salary (as at December 31, 2022)*	December 31, 2023	December 31, 2022
N. McKinstry	32.0x	24.9x	372,131	372,131
K.B. Entricken	6.4x	4.9x	40,036	40,036

* 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 2023 remuneration for the CEO by the average of the total 2023 remuneration of all employees worldwide, was 77 (2022: 78, restated as temporary staff and contractors are no longer reported within employee benefit expenses). 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 total 2023 employee benefit expenses as stated in *Note 12 – Employee benefit 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 employee benefit expenses of all employees (minus the CEO's remuneration) are based on IFRS accounting standards. The difference between the 2022 and 2023 pay ratios was due to a stable average pay per employee in 2023, while the CEO's total remuneration (minus tax-related costs) was lower in 2023. The decline in CEO total remuneration was mainly due to a lower total variable pay. In prior years, the pay ratio was reported as 87 (2021); 79 (2020); 81 (2019), and 84 (2018).

Remuneration report continued

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. 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 sustainable long-term value creation. The same policy, with language improvement to provide clarity on the selection of comparator group companies, will be submitted to the 2024 AGM for adoption.

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

<i>in thousands of euros</i>	Member Selection and Remuneration Committee	Member Audit Committee	2023	2022	2021
A.E. Ziegler, Chair, Former Vice-Chair	Co-Chair		169	139	102
B.J.F. Bodson			29	85	82
J.P. de Kreijl, Vice-Chair		Chair	127	120	94
J.A. Horan	Co-Chair		94	99	91
S. Vandebroek		Yes	105	110	93
C.F.H.H. Vogelzang		Yes	100	100	88
H.H. Kersten	Yes		96	68	–
Former Supervisory Board members					
F.J.G.M. Cremers, Former Chair	Former Co-Chair		–	45	128
Total			720	766	678

Supervisory Board members' fees

The table below shows the fee schedule for Supervisory Board members, including the remuneration for 2024 that will be proposed to the 2024 Annual General Meeting of Shareholders.

For 2024, it is proposed to increase the member fee by €5,000; all other annual fees remain unchanged.

The fees are in line with the Supervisory Board remuneration policy which was adopted in 2020 by the AGM with 99.11% of votes in favor and the updated remuneration policy which will be submitted for adoption at the 2024 Annual General Meeting of Shareholders. The updated policy will be published in the 2024 agenda.

Supervisory Board members' fees

<i>in euros</i>	Proposed annual fee 2024	Annual fee 2023	Annual fee 2022
Chair	130,000	130,000	130,000
Vice-Chair	95,000	95,000	95,000
Members	80,000	75,000	75,000
Chair Audit Committee	25,000	25,000	25,000
Members Audit Committee	18,000	18,000	18,000
Chair Selection and Remuneration Committee	20,000*	20,000*	20,000*
Members Selection and Remuneration Committee	14,000	14,000	14,000
Travel allowance for intercontinental travel	5,000 per meeting	5,000 per meeting	5,000 per meeting
Fixed cost reimbursement	1,500	1,500	1,500

* Due to the Co-Chair arrangement, each Co-Chair receives €17,000.

Shares owned by Supervisory Board members

At December 31, 2023, Ms. Ziegler held 1,894 American Depositary Receipts (each Depositary Receipt represents one ordinary Wolters Kluwer share) (2022: 1,894). None of the other Supervisory Board members held shares in Wolters Kluwer (2022: none).

Remuneration report continued

Shareholder voting at Annual General Meeting

The following table sets out the voting results in respect of resolutions relating to remuneration at the Annual General Meeting of Shareholders held on May 10, 2023.

Shareholder voting outcomes at the 2023 AGM

Resolution		% of votes for	% of votes against	votes withheld
2022 Remuneration report	Advisory	93.66%	6.34%	2,448,733

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.

<i>in thousands of euros, unless otherwise stated</i>	2023	2022 ⁸	2021 [*]	2020 [*]	2019 [*]
Executive Board remuneration					
N. McKinstry	8,379	7,901	9,377	7,512	8,089
Change (in %)	6.0	(15.7)	24.8	(7.1)	71.2
K.B. Entricken	3,340	3,741	3,404	4,132	4,589
Change (in %)	(10.7)	9.9	(17.6)	(10.0)	15.7
Supervisory Board remuneration**					
F.J.G.M. Cremers (appointed 2017), Former Chair ¹	–	45	128	128	114
A.E. Ziegler (appointed 2017), Chair, Former Vice-Chair ²	169	139	102	102	95
B.J.F. Bodson (appointed 2019) ³	29	85	82	72	22
J.A. Horan (appointed 2016)	94	99	91	96	100
H.H. Kersten (appointed 2022)	96	68	–	–	–
J.P. de Kreij (appointed 2020), Vice-Chair ⁴	127	120	94	92	–
S. Vandebroek (appointed 2020)	105	110	93	61	–
C.F.H.H. Vogelzang (appointed 2019)	100	100	88	88	58
R.D. Hoofst Graafland ⁵	–	–	–	34	97
F.M. Russo ⁶	–	–	–	–	97
B.J. Angelici ⁷	–	–	–	–	20

<i>in thousands of euros, unless otherwise stated</i>	2023	2022 ⁸	2021 [*]	2020 [*]	2019 [*]
B.J. Noteboom ⁷	–	–	–	–	25
Company performance					
Organic growth (in %)	5.8	6.2	5.7	1.7	4.3
Adjusted operating profit margin (in %)	26.4	26.1	25.3	24.4	23.6
Year-end closing share price (€)	128.70	97.76	103.60	69.06	65.02
Share price change (in %)	32	(6)	50	6	26
Total shareholder return (in %)	34	(4)	52	8	28
Average remuneration on a full-time equivalent basis of employees					
Employee benefit expenses per FTE, excluding CEO	107.9	107.7	99.7	98.6	97.6

* The Executive Board remuneration for the years 2019 to 2021 has been restated to include tax-related costs.

** 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 Retired after the 2022 AGM.

² Succeeded Mr. Cremers as Chair after the 2022 AGM.

³ Mr. Bodson's appointment was effective September 1, 2019. Mr. Bodson retired after the 2023 AGM.

⁴ Mr. de Kreij succeeded Ms. Ziegler as Vice-Chair after the 2022 AGM.

⁵ Retired after the 2020 AGM.

⁶ Retired per year-end 2019.

⁷ Retired after the 2019 AGM.

⁸ Employee benefit expenses per FTE, excluding CEO, are restated for 2022 as temporary staff and contractors are no longer reported within employee benefit expenses.

Sustainability statements

Sustainability statements

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Our approach to sustainability

In these sustainability statements, we describe our approach and performance regarding material sustainability impacts, risks, and opportunities.

Our approach to sustainability

In conducting our business, we aim to create sustainable long-term value for all stakeholders, by using resources thoughtfully and efficiently, respecting our company values, and focusing our efforts on actions that support our purpose and our strategy, in line with the Dutch Corporate Governance Code. Through regular engagement with internal and external stakeholders, we understand how we may impact them and how we can create sustainable value.

Aligned with our strategy, *Elevate Our Value*, we have policies and programs that embed environmental, social, and governance standards within our operations. We focus on the areas where we have material impacts, risks, and opportunities. We track progress of our actions through metrics and targets.

We are guided by international guidelines, such as the Organization 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).

Key highlights

- **Reporting follows ESRS structure but no compliance to all aspects of CSRD/ESRS yet**
- **Near-term GHG emission reduction targets validated by SBTi**
- **Committed to submit 2050 net-zero GHG emission reduction targets for validation by SBTi by January 2025**
- **Initial double materiality assessment has been conducted**
- **Policies, actions, metrics, and targets are disclosed for material sustainability matters to the extent currently available**
- **Full scope 3 GHG emissions are reported**
- **Scope 1 & 2 GHG emissions reduced with 8%**
- **Employee engagement and belonging scores are up 1 point and 2 points, respectively**

Our sustainability data reporting

The new EU Corporate Sustainability Reporting Directive (CSRD) introduces mandatory sustainability reporting standards. These sustainability statements follow the structure of the European Sustainability Reporting Standards (ESRS) in an effort to start aligning our reporting with the new framework and requirements. Reporting under CSRD and ESRS is mandatory as of financial year 2024, to be published in 2025. The 2023 sustainability statements do not yet comply with all aspects of CSRD and ESRS and have not been assured by the external auditor.

In 2023, we conducted an initial double materiality assessment following the requirements of ESRS. As such, the sustainability statements include information and data on material impacts, risks, and opportunities.

We are currently enhancing our reporting manuals and design of internal controls for the collection, processing, review, and validation of sustainability data, which will result in improved data quality in the future. For some data points, we used third parties to administer surveys or conduct assessments.

In 2024, we will continue the implementation of the requirements of ESRS based on a gap assessment. We will focus on all reporting areas, including governance processes and interaction of the strategy and business model with material impacts, risks, and opportunities. We will also evaluate policies, actions, and targets for the material impacts, risks, and opportunities, and improve the reporting of metrics, with particular focus on scope 3.1 supplier emissions which contribute the largest share of our greenhouse gas (GHG) emissions. Scope 3.1 emissions are largely based on calculations using industry emission factors. We plan to expand engagement with our suppliers to obtain more specific emission data, starting with our largest suppliers.

The level of accuracy and completeness of this data is lower than that of our financial information. Sustainability-related controls are not yet implemented in an integrated Internal Control Framework, which is an action set for 2024. See *Risk management and internal controls over sustainability reporting (GOV-5)* for further details. In addition, some metrics, such as supplier and customer-related GHG emissions, are subject to a high level of measurement uncertainty. Judgments and estimates involved are described alongside each table throughout this chapter.

These sustainability statements have been prepared with reference to the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) frameworks.

→ Our 2023 GRI, SASB, and UN Global Compact disclosures are available at www.wolterskluwer.com/en/investors/financials/annual-reports

General disclosures (ESRS 2)

In this section, we provide general sustainability disclosures.

Basis of preparation

General basis for preparation (BP-1)

These sustainability statements have been prepared on a consolidated basis and comprise Wolters Kluwer N.V. and its subsidiaries. The scope of consolidation is the same as for the consolidated financial statements.

In our double materiality assessment of impacts, risks, and opportunities, we considered our upstream and downstream value chain as follows:

- The upstream value chain included both direct and indirect suppliers; and
- The downstream value chain was limited to our direct customers, unless we identified a material impact, risk, or opportunity beyond our direct customers (e.g., privacy).

If we have policies, actions, and/or targets relating to our upstream and downstream value chains, these are disclosed in the relevant sections of these sustainability statements.

For certain metrics disclosed in the sustainability statements, upstream and/or downstream value chain data is included. For example, GHG emissions associated with our suppliers (scope 3.1, 3.2, and 3.4) and our customers (scope 3.11), and the number of suppliers that have signed our Supplier Code of Conduct or have an equivalent standard include upstream and/or downstream data.

These sustainability statements do not yet comply with all aspects of CSRD and ESRS.

Disclosures in relation to specific circumstances (BP-2)

Time horizons

Short, medium, and long-term time horizons are defined in line with ESRS 1 stipulations, i.e., one year or less, one to five years, and over five years, respectively.

Value chain estimation, sources of estimation, and outcome uncertainty

Predominantly in the calculation of GHG emissions associated with our suppliers (scope 3.1, 3.2, and 3.4) and our customers (scope 3.11), we used indirect sources such as industry-average emission factors. These scope 3 metrics are also subject to a high level of measurement uncertainty. See *GHG emissions (E1-6)* for further details.

Changes in preparation or presentation of sustainability information and reporting errors in prior periods

In the calculation of energy consumption and GHG emissions, we improved our methodologies and corrected a non-material error for past years. The original and restated figures are presented in the table below:

	2022 original	2022 restated	2021 original	2021 restated	2019 original	2019 restated
Energy consumption						
Total energy consumption in MWh			47,482	49,746		
Greenhouse gas (GHG) emissions in metric tons of CO₂ equivalent (mtCO₂e)						
Scope 1 direct emissions			3,172	3,457	4,043	4,035
Scope 2 emissions from purchased energy (market-based)			7,783	8,731	14,602	15,674
Scope 2 emissions from purchased energy (location-based)			9,849	10,540		
Scope 3.1 purchased goods & services					200,089	216,409
Scope 3.2 capital goods					3,527	3,635
Scope 3.4 upstream transportation & distribution					11,275	21,213
Scope 3.6 business travel	11,649	12,544	694	848	22,615	25,798
Scope 3.7 employee commuting	5,705	9,809	1,003	1,497	13,953	23,814

The restatements originate from the following:

- Extrapolation methods were improved for the calculation of energy consumption, scope 1 direct emissions, and scope 2 emissions from purchased energy. For office locations in the U.S., a regional extrapolation was performed instead of a country extrapolation. In addition, renewable electricity is now extrapolated for offices that use renewable electricity. Finally, changes to the emission factors were applied. For our two largest offices, emission intensity figures of the energy providers were used instead of a country emission factor. For other U.S. offices, regional emission factors from the U.S. Environmental Protection Agency (U.S. EPA) were used instead of U.S. country factors from the International Energy Agency (IEA);

General disclosures continued

- Scope 3.1 purchased goods & services, scope 3.2 capital goods, and scope 3.4 upstream transportation & distribution emissions all originate from our suppliers. Previously, supplier emissions were converted from spend into CO₂e using the supply chain industry emission factors from U.S. EPA, which had a 2016 emission baseline and were adjusted for inflation for the period 2016-2019. In 2023, U.S. EPA published a new set of supply chain industry emission factors with a 2019 emission baseline. We used this new set to recalculate 2019 supplier emissions;
- In the calculation of scope 3.6 business travel emissions, emissions from flight and car travel were incorporated, whereas previously only flight travel was included; and
- The extrapolation method of scope 3.7 employee commuting emissions was improved by applying a country extrapolation instead of an extrapolation at global level. In addition, a non-material error in the calculation of average commuting distance per employee was corrected.

Two presentation changes were retrospectively applied in the reporting of energy consumption and GHG emissions as from 2021:

- Non-renewable energy consumption is split into fossil and nuclear energy consumption; and
- Scope 3.11 emissions are split into direct and indirect use-phase emissions.

See *Energy consumption and mix (E1-5)* and *Gross GHG emissions (E1-6)* for further details.

Certain immaterial restatements have been made to own workforce data points, following alignment to the requirements of ESRS S1.

Incorporation by reference

→ See Reference table on [page 127](#)

Governance

Role of the Executive Board and Supervisory Board (GOV-1)

For the composition and diversity of the Executive Board and Supervisory Board, see *Executive Board and Supervisory Board* on [page 61](#).

For the roles and responsibilities of the Executive Board in exercising oversight of the process to manage material impacts, risks, and opportunities, see the section *Executive Board in Corporate governance* on [page 44](#).

For the roles and responsibilities of the Supervisory Board in exercising oversight of the process to manage material impacts, risks, and opportunities, see the section *Supervisory Board in Corporate governance* on [page 45](#).

Information provided to and sustainability matters addressed by the Executive Board and Supervisory Board (GOV-2)

For a description of how the Executive Board and Supervisory Board are informed about sustainability matters, see the section *Environmental, social, and governance matters in Corporate governance* on [page 48](#) and the section *Sustainability in Report of the Supervisory Board* on [page 66](#).

Integration of sustainability-related performance in incentive schemes (GOV-3)

The Supervisory Board is responsible for the execution of the remuneration policy, based on the advice of the Selection and Remuneration Committee. For a description of the key elements of our remuneration policy, the integration of sustainability-related performance therein, and the proportion of variable remuneration dependent on sustainability-related targets, see the sections *Key elements of our remuneration policy* in *Remuneration report* on [page 73](#) and *Payouts for performance against 2023 STIP targets* in *Remuneration report* on [page 80](#).

General disclosures continued

Statement on due diligence (GOV-4)

Core elements of due diligence	Paragraphs in the sustainability statements
Embedding due diligence in governance, strategy, and business model	ESRS 2 GOV-2 ESRS 2 GOV-3 ESRS 2 SBM-3
Engaging with affected stakeholders	ESRS 2 GOV-2 ESRS 2 SBM-2 ESRS 2 IRO-1 ESRS 2 MDR-P ESRS E1 ESRS S1-2 ESRS S2-2 ESRS S4-2
Identifying and assessing negative impacts on people and the environment	ESRS 2 IRO-1 ESRS 2 SBM-3
Taking actions to address negative impacts on people and the environment	ESRS 2 MDR-A ESRS E1-1 ESRS E1-3 ESRS S1-4 ESRS S2-4 ESRS S4-4
Tracking the effectiveness of these efforts	ESRS 2 MDR-M ESRS 2 MDR-T ESRS E1-4 ESRS E1-5 ESRS E1-6 ESRS S1-5 ESRS S1-6 ESRS S1-7 Climate-change company-specific metrics ESRS S1-9 ESRS S1-12 ESRS S1-13 ESRS S1-15 ESRS S1-16 ESRS S1-17 Other own workforce company-specific metrics ESRS S2-5 Workers in the value chain company-specific metrics ESRS S4-5 Business conduct company-specific metrics

For a description of ESRS Disclosure Requirements, see *Reference table* on [page 127](#).

Risk management and internal controls over sustainability reporting (GOV-5)

Except as described below, sustainability is embedded in our overall risk management and internal control processes and systems. For further information on these processes and systems, on how findings of risk assessment and internal controls are integrated into relevant functions and processes, and on the periodic reporting of findings to the Executive Board and Supervisory Board, see the sections *Responsibility for risk management* and *Risk management process* on [page 50](#) and *Internal Control Framework* and *Internal audit and risk management functions* on [page 51](#) in *Risk management*.

In 2023, the annual risk assessment and initial double materiality assessment were conducted independently from each other. As such, the main risks to the company as reported in *Risk management* should not be compared to the outcome of the initial double materiality assessment. We will assess to which extent we can align the double materiality assessment and risk management processes going forward.

The controls in the Internal Control Framework for financial reporting are being leveraged, to the extent possible, and new sustainability-related controls are being created for internal and external sustainability reporting. However, the new sustainability-related controls have not been fully implemented. We set an action plan for throughout 2024 to start operationalizing the sustainability-related controls as defined within an integrated Internal Control Framework for material data points, following the initial double materiality assessment. Once operationalized, the sustainability-related controls will be tested for effectiveness and results will be reported on the affected internal control dashboards per usual procedure to functional management, internal and external auditors, the Executive Board, and the Audit Committee.

General disclosures continued

Strategy

Strategy, business model, and value chain (SBM-1)

For a description of the key elements of our strategy that relate to or impact sustainability matters, as well as a description of the key elements of our business model and value chain, see *Strategy and business model* on [page 7](#).

Revenues by significant ESRS sector

We are currently reviewing the ESRS definitions of industry sectors and will report a breakdown of our revenues by significant ESRS sector in our 2024 Annual Report.

Interests and views of stakeholders (SBM-2)

We actively engage in stakeholder dialogues across all our business activities and via the various channels and activities for stakeholder engagement. The form that is chosen for any specific dialogue depends on the topic and on the stakeholder(s) involved, since not every stakeholder of the company can be regarded as equally relevant to every aspect of our strategy, including sustainability. We maintain regular contact with a range of stakeholders, including customers, employees, suppliers and partners, shareholders and other investors, financial and ESG analysts, rating agencies, governmental bodies, the media, civil society organizations, and educational and research institutions.

Below is an overview of our key stakeholders and how we engage with them in accordance with our Stakeholder Engagement Policy, available on www.wolterskluwer.com/en/investors/governance/policies-and-articles.

Key stakeholder	How we engage	Purpose and outcome of the engagement
Customers	<ul style="list-style-type: none"> – Year-round dialogue through sales, marketing, and customer service teams; and – Customer collaboration on product development and answering customer questions on our sustainability performance and goals. 	<ul style="list-style-type: none"> – Improve customer satisfaction and enhance product and service offerings; and – Improve our ability to deliver when it matters most: our professional information, software, and services provide insights and workflow automation to customers to support their critical decision-making.
Employees	<ul style="list-style-type: none"> – Regular engagement at all levels, including one-on-one, group, and town hall meetings; – Check-ins and performance meetings; – Surveys; – SpeakUp program; – Global Innovation Awards, Global Sustainability Awards, and other employee awards, events, and networks; and – Works council engagement. 	<ul style="list-style-type: none"> – Provide attractive employment and career opportunities; – Develop skills, talent, and experience; – Promote diversity, equity, inclusion, and belonging; and – Cultivate an environment in which employees are engaged and experience a strong sense of belonging.
Suppliers & partners	<ul style="list-style-type: none"> – Regular quality screening, audits, due diligence, and collaboration. 	<ul style="list-style-type: none"> – Create mutually beneficial economic value for our suppliers and partners; and – Ensure an environmentally and socially responsible supply chain. We want to work with suppliers who share the same values and are committed to improve sustainable practices.
Investors	<ul style="list-style-type: none"> – Year-round dialogue through a global program of investor relations events and meetings; – Regular engagement with analysts; and – Annual General Meeting of Shareholders. 	<ul style="list-style-type: none"> – Promote a good understanding in the investment community of the Wolters Kluwer investment case and the company's prospect for generating Total Shareholder Return (TSR) for shareholders through share price appreciation and dividends; and – Risk-adjusted financial returns for creditors.
Communities	<ul style="list-style-type: none"> – Various programs in support of our communities around the world. 	<ul style="list-style-type: none"> – Availability of our products and services where needed; and – Community involvement of our employees.

General disclosures continued

Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)

The material impacts, risks, and opportunities resulting from our initial double materiality assessment are listed below.

Topics	Material impact, risk, or opportunity	Value chain	Expected time horizon	Rationale – description of impacts and their effect on people or the environment
Climate change	Material negative impact	Upstream and suppliers, own operations, customers	Short, medium, and long term	The company has considerable GHG emissions, to a large extent from our supply chain (approximately 80% of our emissions), which negatively impact the environment.
Equal pay for equal value	Material negative impact	Own operations	Short and medium term	As we are finalizing our approach to determine pay gap, information on equal pay for equal value is currently not available.
Privacy	Material negative impact	Own operations, customers, downstream beyond customers	Short, medium, and long term	The data privacy rights of individuals whose personal data is entrusted with us could be impacted in case of data privacy incidents.
Human and labor rights of workers in the value chain	Material negative impact	Upstream and suppliers	Short, medium, and long term	Workers of suppliers that are involved in providing products or services to our businesses may not have equal opportunities, wages, secure jobs, work-life balance/benefits, and protection of health and safety at work, which could impact the human and labor rights of these workers.
Access to quality information	Material positive impact/ material opportunity	Downstream beyond customers	Short, medium, and long term	By providing our customers quality information through our products, they can make optimal decisions and thereby provide better outcomes for their clients or patients.
Diversity, Equity, Inclusion, and Belonging (DEIB)	Material positive impact/ material opportunity	Own operations	Short, medium, and long term	Equal treatment and opportunities and other DEIB measures bring benefits to the well-being of our workforce, while a high-performing, productive, and engaged workforce benefits the company.
Work-life balance	Material positive impact/ material opportunity	Own operations	Short, medium, and long term	Well-being measures, as well as benefits such as family-related leave, bring benefits to our workforce, while a high-performing, productive, and engaged workforce also benefits the company.
Training and skills development	Material positive impact/ material opportunity	Own operations	Short, medium, and long term	Training and skills development opportunities bring benefits for the personal growth and well-being of our own employees, while a high-performing, productive, and engaged workforce also benefits the company.
Corporate culture	Material positive impact/ material opportunity	Own operations	Short, medium, and long term	A strong corporate culture around values and business ethics has a positive impact on our workforce, while this also benefits our reputation and relationships with business partners and other stakeholders.

For further details on the interaction between material impacts, risks, and opportunities and our strategy and business model, see the topical sections of these sustainability statements.

General disclosures continued

Impact, risk, and opportunity management

Description of the process to identify and assess material impacts, risks, and opportunities (IRO-1)

Methodologies, assumptions, and parameters applied in double materiality assessment

In 2023, we completed an initial double materiality assessment (DMA). The initial DMA considered both the impact of the company on people and the environment, as well as the financial risks and opportunities for the company. The outcome of the assessment is the basis for the disclosures in these sustainability statements.

In the DMA, we considered our upstream and downstream value chain as follows:

- The upstream value chain included both direct and indirect suppliers; and
- The downstream value chain was limited to our direct customers, unless we identified a material impact, risk, or opportunity beyond our customers in the value chain (e.g., privacy).

The full list of sustainability topics, sub-topics, and sub-sub-topics, as described in ESRS 1 Appendix A, was used as basis for the initial DMA. In addition, we brought sustainability topics of our previous materiality assessment into the process to the extent that such a topic was considered a sustainability matter as defined by ESRS. Consequently, the topics listed below, that were presented as material sustainability topics in prior years, were kept out-of-scope in the initial DMA. The following topics are discussed in *Strategy and business model*:

- Customer relationships;
- Product innovation;
- Cybersecurity; and
- Responsible AI.

Furthermore, the topics product impact, community involvement, and employee volunteering were presented as material sustainability topics in prior years. These topics are kept out-of-scope in the initial DMA as these are not sustainability matters as defined by ESRS. These topics are not addressed in this annual report.

From the full list of sustainability topics, we identified sustainability topics relevant to the company, based on an analysis of our business activities, value chain, peer company reports, and industry reports. We identified and documented actual or potential impacts, risks, and opportunities (IROs) in connection with these relevant sustainability topics. Thereafter, we scored the IROs by assessing the scale, scope, remediability, and/or likelihood of impacts. In addition, we assessed the likelihood and potential magnitude of risk and opportunities. In this assessment, we also considered whether an IRO was applicable to the company as a whole or to only some countries and/or some business activities.

This qualitative scoring assessment was transformed into a quantitative scoring. We predetermined thresholds to distinguish IROs with a high scoring from IROs with a medium or low scoring. Subsequently, we clustered IROs with a same impact and similar scoring, for example climate change impacts occurring in different parts of the value chain. Nine IROs came out with a high scoring and are therefore considered material. See *Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)*.

In upcoming years, we will keep evaluating our DMA methodology, by comparing it to best practices in the market, by assessing new double materiality guidance published by regulators, and by engaging with external stakeholders. We will continue to collect more useful information, e.g., from our supply chain, to test the documentation of the IRO descriptions and the scoring assessment. As a result, the list of material impacts, risks, and opportunities may change over time.

Double materiality assessment process

For the identification of impacts, risks, and opportunities, we conducted an analysis of our business operations and business relationships. We considered the geographic locations of our offices and key suppliers, such as data center suppliers and print facilities. Furthermore, we performed desk research on sustainability matters within our industry. More extensive investigations were performed for certain areas, including IT hardware, data centers, and print. We also conducted desk research on select key suppliers across different sectors. Finally, we considered other internal sources, including our annual employee survey and SpeakUp concerns.

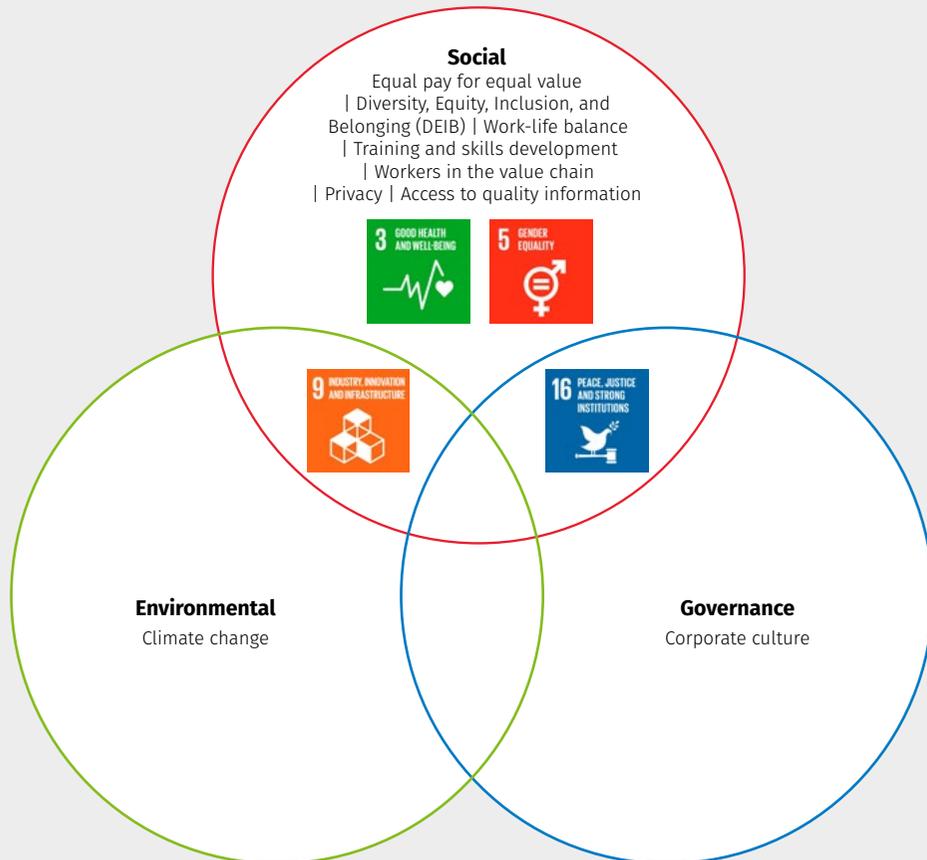
For each sustainability topic, input of internal subject matter experts was the basis for the documentation of the IRO and the scoring assessment. For example, senior staff of the Human Resources, Privacy, Global Law and Compliance, and Procurement departments were involved for their respective sustainability topics.

Internal subject matter experts, senior staff of other departments (e.g., GBS, Internal Audit, Treasury, Risk Management, Global Branding & Communications, and Strategy) and our customer-focused divisions, the Executive Board, and the Supervisory Board were all involved in validating the list of impacts, risks, and opportunities with a high scoring.

General disclosures continued

Material impacts, risks, and opportunities and their interaction with the Sustainable Development Goals

We are evolving how we direct our efforts around supporting the UN Sustainable Development Goals (SDGs). Instead of linking certain SDGs to the social and environmental impacts of our products, as we did in previous annual reports, we are now linking the same SDGs to our material impacts, risks, and opportunities. This evolving approach aligns our efforts to support the SDGs with the sustainability goals that derive from our initial double materiality assessment. In 2024, we will refine this approach and re-evaluate which SDGs to focus on. We remain committed to supporting those SDGs where we can have the most impact, ensuring we play a role in creating a more sustainable and responsible future.



A list of internal and external stakeholders was compiled as part of the initial DMA. The views of employees, primarily coming from the annual employee survey, was incorporated in the initial DMA process. We did not involve all different key external stakeholders to identify or assess impacts, risks, and opportunities. However, we asked several investors in the company to provide feedback on the list of impacts, risks, and opportunities with a high scoring. We intend to extend involvement of external stakeholders in our next DMA.

We were advised by an external consultant throughout the process.

Our Internal Audit department conducted a review on the initial DMA process and did have any significant reportable findings.

Integration in overall management processes

While we considered the outcome of our latest annual risk assessment for our double materiality assessment, this initial DMA was conducted outside of our overall risk management processes. Our existing risk management process does not yet evaluate sustainability impacts and risks in the manner defined by ESRS. In the future, we intend to assess to which extent the DMA can be aligned and/or integrated with our risk management processes.

The material sustainability opportunities are all a key part of our existing strategy and business model.

Disclosure requirements covered by the sustainability statements (IRO-2)

For a list of all disclosure requirements complied with following the outcome of the initial DMA and for a list of all data points that derive from other EU legislation, see [Reference table on page 127](#) and [List of data points that derive from other EU legislation on page 130](#).

We concluded that all disclosure requirement metrics associated with material sustainability matters are material, unless the metric is connected to an activity that does not apply to us. Some material metrics were not reported as data was not yet available. In that case, we indicated when it is expected that the metric will be reported. There are a few company-specific metrics associated with material sustainability matters. See the topical sections of these sustainability statements for further details.

General disclosures continued

The connection between material sustainability matters and disclosed material metrics is as follows:

Topical standard	Material sustainability matter	Material metrics disclosed in the sustainability statements
Climate change (E1)	Climate change	<ul style="list-style-type: none"> – Energy consumption and production – GHG emissions and intensity – Number of data centers closed (company specific) – Number of on-premise servers decommissioned (company specific) – Real estate rationalization (company specific)
Own workforce (S1)	Equal pay for equal value	<ul style="list-style-type: none"> – CEO pay-ratio (company specific)
	Diversity, equity, inclusion, and belonging (DEIB)	<ul style="list-style-type: none"> – Employees by gender, country, region, and contract term – U.S. employees by race/ethnicity (company specific) – Employee turnover – Employee categories by gender – Employees by age group – Employees with disabilities – Number of work-related or discrimination investigations in the U.S. and Canada (company specific) – Belonging score (company specific) – Employee engagement score (company specific)
	Work-life balance	<ul style="list-style-type: none"> – Employees entitled to take family-related leave – Employees that took family-related leave – Employee engagement score (company specific)
Own workforce (S1) and Consumers and end-users (S4)	Training and skills development	<ul style="list-style-type: none"> – Employees that participated in performance reviews – Average number of training hours – Employee engagement score (company specific)
	Privacy	<ul style="list-style-type: none"> – Employees who completed Annual Compliance Training (company specific)
Workers in the value chain (S2)	DEIB, adequate wages, work-life balance, secure employment, and health and safety	<ul style="list-style-type: none"> – Number of suppliers that signed Supplier Code of Conduct or equivalent standard (company specific)
Consumers and end-users (S4)	Access to quality information	None
Business conduct (G1)	Corporate culture	<ul style="list-style-type: none"> – Employees who completed Annual Compliance Training (company specific) – Number of SpeakUp concerns (company specific) – Employee engagement score (company specific)

Policies adopted to manage material sustainability matters (MDR-P)

An overview of the policies relating to our material sustainability matters is provided below. For further details on these policies, see the topical sections of these sustainability statements.

Topical standard	Material sustainability matter	Policies
Climate change (E1)	Climate change	Environmental Policy
Own workforce (S1)	Equal pay for equal value	Code of Business Ethics
		Human Rights Policy
	Diversity, equity, inclusion, and belonging (DEIB)	Diversity, Equity, Inclusion & Belonging Policy
		Code of Business Ethics
Own workforce (S1) and Consumers and end-users (S4)	Work-life balance	Human Rights and Modern Slavery Policy
		SpeakUp Policy
	Training and skills development	Diversity, Equity, Inclusion & Belonging Policy
Workers in the value chain (S2)	Privacy	Code of Business Ethics
		Human Rights Policy
Consumers and end-users (S4)	Access to quality information	Global Data Privacy Policy
Business conduct (G1)	Corporate culture	Supplier Code of Conduct
Consumers and end-users (S4)	Access to quality information	Code of Business Ethics
		Code of Business Ethics
Business conduct (G1)	Corporate culture	Anti-Bribery and Anti-Corruption Policy

Actions and resources in relation to material sustainability matters (MDR-A)

Actions and resources in relation to material sustainability matters are integrated in the topical sections of these sustainability statements.

General disclosures continued

Metrics and targets

Metrics in relation to material sustainability matters (MDR-M)

For a list of disclosed material metrics connected to material sustainability matters, see *Disclosure requirements in ESRS covered by the sustainability statements (IRO-2)*.

None of the metrics are assured by the external auditor.

For further details on metrics, see the topical sections of these sustainability statements.

Tracking effectiveness of policies and actions through targets (MDR-T)

The connection between material sustainability matters and disclosed targets is shown below:

Topical standard	Material sustainability matter	Targets disclosed in the sustainability statements
Climate change (E1)	Climate change	<ul style="list-style-type: none"> – Reduce absolute gross GHG scope 1 and 2 emissions 50% by 2030 from a 2019 base year – Reduce absolute gross GHG scope 3 emissions 30% by 2030 from a 2019 base year – Number of on-premise servers decommissioned in 2023 – Percentage reduction in our office footprint
Own workforce (S1)	Diversity, equity, inclusion, and belonging (DEIB)	<ul style="list-style-type: none"> – Improvements to our employee belonging score – Have at least 33% male and female representation on our Supervisory and Executive Boards – Increase female representation in the executives career band by 2% by 2028 from a 2022 baseline – Increase our employee engagement score relative to the Microsoft Glint top 25th benchmark in 2024
Own workforce (S1) and Consumers and end-users (S4)	Privacy	<ul style="list-style-type: none"> – 98% of employees to complete Annual Compliance Training
Business conduct (G1)	Corporate culture	<ul style="list-style-type: none"> – 98% of employees to complete Annual Compliance Training

The number of on-premise servers decommissioned and improvements to our employee belonging score are integrated in the 2023 remuneration of the Executive Board. The percentage reduction in our office footprint and improvements to our employee belonging score will be integrated in the 2024 remuneration of the Executive Board. See *Integration of sustainability-related performance in incentive schemes (GOV-3)*.

For further details on targets, see the topical sections of these sustainability statements.

Environmental disclosures



In this section, we provide disclosures on our material impacts, risks, and opportunities relating to environmental matters.

Climate change (ESRS E1)

Integration in incentive schemes (GOV-3)

A target on the number of on-premise servers decommissioned was included in the non-financial performance measures for the short-term incentive plan in 2023. In the 2024 short-term incentive plan, this target is replaced by a target on the percentage reduction in our office footprint. For further details, see the sections *Key elements of our remuneration policy* in *Remuneration report* on [page 73](#) and *Payouts for performance against 2023 STIP targets* in *Remuneration report* on [page 80](#).

Transition plan for climate change mitigation (E1-1)

We are committed to minimizing our impact on the environment, in line with the COP21 Paris Agreement and the COP27 Sharm el-Sheikh Implementation Plan on limiting global warming. We are not excluded from the EU Paris-aligned Benchmarks.

As a first step in developing our transition plan, we have assessed our greenhouse gas (GHG) footprint including scope 1, 2, and 3 emissions. Based on that assessment, we have developed a plan to reduce our GHG emissions in line with a pathway to limit global warming to 1.5°C. This plan was approved by our Executive Board and Supervisory Board. In 2023, the Science Based Targets initiative (SBTi) validated our near-term GHG emission reduction targets. See the section *Targets related to climate change mitigation and adaptation (E1-4)* for more details.

We have identified the following decarbonization levers:

Scope 1 & 2 emissions

Office space	Reducing our footprint of offices around the world through office closures and consolidations.
Renewable electricity	The electricity providers for offices are shifting to renewable energy sources. Where possible, we intend to switch contracts to renewable electricity. For locations where switching to renewable electricity is not possible we may purchase Energy Attribute Certificates (EACs).
Energy efficiency	A variety of actions will be taken to improve energy efficiency and reduce scope 1 and 2 emissions, such as improving insulation, installing energy efficient devices, and improving employee awareness around how behavior impacts office energy usage.

Environmental disclosures continued

Scope 3 emissions

Supply chain	<p>Multiple developments will support the gradual decarbonization of our supply chain:</p> <ul style="list-style-type: none"> – We will engage with suppliers to highlight the importance of decarbonization and request insights into supplier-specific emissions; – It is our expectation that suppliers independently set their own GHG emission reduction targets and decarbonize even without engagement with Wolters Kluwer; – Suppliers are expected to invest in energy efficiency improvement measures; – Transport vehicles become less carbon-intensive due to more efficient (engine) design and a shift to renewable energy sources; and – Renewable electricity will become a bigger part of the grid mix, which will help reduce supplier-based emissions.
Business travel	<p>We have already started reducing business travel by making more use of virtual meetings. We are investigating ways to partly replace air travel with other forms of travel (such as train or car travel) without impact of business effectiveness. We are also reducing the proportion of business class and first-class flights to reduce the emission intensity of air travel.</p>
Employee commuting	<p>We have implemented a flexible work policy allowing employees to work hybridly, reducing emissions from commuting.</p>

During 2023, we made progress in implementing the transition plan regarding our scope 1 and 2 emissions. In the coming years, we will focus on engaging with our suppliers to further decarbonize our supply chain and reduce scope 3.1, 3.2, and 3.4 emissions. For more details on our actions, see the section *Actions and resources in relation to climate change policies (E1-3)*.

We have also committed to the SBTi to reduce GHG emissions to net-zero no later than 2050 and will submit these long-term GHG emission reduction targets for validation by SBTi by January 2025.

Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)

Impact on global warming was assessed as a negative material impact on the environment in the short, medium, and long term as part of our initial double materiality assessment. This impact is caused by using energy that results in:

- Scope 1 and 2 GHG-emissions of office buildings;
- Scope 3 GHG-emissions of our suppliers (scope 3.1, 3.2, and 3.4);
- Scope 3 GHG-emissions from business travel (scope 3.6) and employee commuting (scope 3.7); and
- Scope 3 GHG-emissions from the use of our products by customers (scope 3.11).

These GHG emissions occur on a global scale, since our employees, suppliers, and customers are in over 180 countries around the world.

Due to the nature of our business activities, our scope 1 and 2 GHG emissions are relatively low compared to our overall GHG emission footprint. However, we do consider GHG emissions in general terms to be very damaging to the environment because they intensify the greenhouse effect (trapping of heat), which drives climate change.

From our GHG assessment, we concluded that approximately 80% of GHG emissions arise from our supply chain. Influencing our suppliers' emission reduction strategies will be challenging. However, we are already developing plans to start engaging with suppliers about their GHG emissions in 2024.

Based on an initial assessment, we have identified a range of potential climate-related physical and transitional risks. It is expected that these risks are unlikely to have a material impact on the company.

Physical climate change risks, such as extreme weather conditions, temperature rise, sea level rise, and droughts, may lead to:

- Disruption for employees working online, commuting to work, or travelling for work;
- Damages to own office buildings, warehouses, and servers and shortage of water for employees and cooling needs, leading to disruption of services; and
- Delivery issues from upstream partners and suppliers. Specifically, this may concern disruption of services due to overheating of servers and IT systems and damage to supplier assets such as warehouses and servers.

Environmental disclosures continued

Risks associated with the transition to a low-carbon economy may lead to:

- Reputational risk of failure to meet emission reduction targets leading to heightened stakeholder concerns or negative feedback regarding lack of climate change management within the company; and/or
- The risk of misalignment with changing customer preferences and needs of professional software, when not investing sufficiently in development of products that enable climate change mitigation and adaptation.

Description of the processes to identify and assess material climate-related impacts, risks, and opportunities (IRO-1)

In addition to the general process of our initial DMA described in the section *Description of the processes to identify and assess material impacts, risks, and opportunities (IRO-1)*, the process to identify and assess climate-related impacts, risks, and opportunities includes the following steps:

1. Assessment of GHG footprint:

- Screening of all scope 3 emission categories based on the GHG Protocol;
- Inventory of scope 1 and 2 emissions and scope 3 emission categories that were considered material based on the screening;

2. Analysis of our office locations and key upstream assets such as data centers; and

3. Analysis of climate change research and map to the locations identified in step 2.

We started a preliminary qualitative climate scenario analysis to understand potential physical climate change risks. In 2024, we intend to further develop our scenario analysis. For the preliminary analysis we selected two different climate-related scenarios – Business As Usual and 1.5 degrees warming – to assess and explore our risks and opportunities in a range of potential future states and time horizons. To assess physical risks, we are using Relative Concentration Pathways scenarios from the Intergovernmental Panel on Climate Change. To assess transition risks, we are using World Energy Outlook scenarios from the International Energy Agency.

The Corporate Sustainability team is responsible for identifying and assessing climate-related risks, which are subsequently reported to the Corporate Risk Committee. This group monitors material risks and determines mitigating actions with a focus on company-wide, non-business-specific risks.

Policies related to climate change migration and adaptation (E1-2)

We have adopted an Environmental Policy to manage environmental matters, including the impacts related to climate change. The objective of the policy is to minimize the negative impact of our operations on the environment and to comply with the applicable local and international environmental laws. The policy was approved by the Executive Board, applies to all divisions, business units, and operating companies that are controlled by the company, and is available on our website.

In accordance with the policy, we observe the three principles on the environment in the United Nations Global Compact:

- To support a precautionary approach to environmental challenges;
- To undertake initiatives to promote greater environmental responsibility; and
- To encourage the development and diffusion of environmentally friendly technologies.

We expect our suppliers to operate in a manner that is protective of the environment via the Supplier Code of Conduct.

Actions and resources in relation to climate change policies (E1-3)

Climate change mitigation

In line with our transition plan, we have designed several climate change mitigation actions, as described below.

Real estate rationalization

We aim to create sustainable and appealing workspaces for our employees, balancing the demand for space, attractive design, and employee engagement with environmental impact and spend per square meter. Sustainability is integrated into our real estate and facilities management process, and we aim to implement environmentally friendly practices in our building selection, office design, and office operations and services. Sustainability certificates and green office standards are part of our selection criteria for new offices. Our offices in Madrid and Barcelona (Spain), Chennai (India), Milan (Italy), and Paris (France) are ISO 14001 certified. We also aim to replace existing non-renewable energy contracts with renewable contracts for those offices where we control the energy contract.

For several years, we have executed a real estate rationalization program, which has delivered significant reductions in our office footprint through office closures and consolidations. As a result of increased mobility (including hybrid working) and updated designs, we need less office space to accommodate our employees. In addition to cost savings, this program helps reduce our scope 1 and 2 emissions.

Environmental disclosures continued

Migration of servers to energy-efficient cloud providers

We have been migrating customers and applications to the cloud, allowing us to decommission on-premise servers, which are less energy efficient. As our major cloud providers operate on higher energy efficiency, and have GHG emission reduction targets themselves, this is an important lever to reduce our emissions. Transitioning to the cloud also benefits our customers in the form of improved cybersecurity protection and increased mobility, availability, and standardization. Carbon footprint remains an important criterion in the selection of our cloud providers.

Business travel

Our business travel policy encourages employees to make prudent use of resources and to consider both the financial costs and environmental impacts when choosing to travel. We encourage our employees to make use of virtual meetings and events, where possible.

Supply chain

We request our suppliers to commit to environmental standards in our Supplier Code of Conduct. In 2023, we updated our due diligence questionnaire to include new questions on climate-related matters that help us track performance of suppliers against their GHG emission reduction targets.

Climate change adaptation

We have also taken action to prepare for possible impacts of climate change on the company. We have a worldwide risk control and business continuity management program that focuses on how to prepare for, protect against, respond to, and recover and learn from major incidents. This program covers incident management, business continuity, operational recovery, and IT disaster recovery. Our multi-disciplinary Global Incident Management Program supports our ability to manage crises and incidents of all types, including extreme weather or natural catastrophes, impacting our people and/or causing damage to our facilities, IT systems, hardware, and other assets. When managing incidents, we prioritize people, environment, assets, and reputation (PEAR), in that order. In other words, employee well-being comes first, followed by environment, asset protection, and lastly, maintaining the company's brand and reputation. A well-managed and resilient company, prioritizing the PEAR elements, is more likely to meet the needs and expectations of its stakeholders, such as customers and investors, and maintain strong relationships with suppliers.

Targets related to climate change mitigation and adaptation (E1-4)

To support our climate change mitigation and adaptation policies and address the impact on global warming, we have set GHG emission reduction targets, as well as operational targets to reduce on-premise servers and optimize our real estate portfolio.

GHG emission reduction targets

We have set the following science-based emission reduction targets:

- reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year; and
- reduce absolute scope 3 GHG emissions 30% by 2030 from a 2019 base year.

These targets have been validated by the Science Based Targets initiative (SBTi). Our scope 1 and 2 target mainly relates to the energy consumption from our offices, and our scope 3 target relates to purchased goods & services (3.1), capital goods (3.2), upstream transportation & distribution (3.4), business travel (3.6), and employee commuting (3.7).

Our efforts to reduce scope 1 and 2 emissions include reducing our office footprint organically and shifting to renewable energy. Over the coming years, we will implement further initiatives to reduce our scope 1, 2, and 3 emissions and work towards achieving our targets.

The far majority of our GHG emissions derives from our value chain, especially from goods and services purchased from suppliers. This means that decarbonization of our supply chain will be key to reach our target, meaning that we will focus on engaging with our suppliers. For a full list of decarbonization levers, see the section *Transition plan for climate change mitigation (E1-1)*.

Environmental disclosures continued

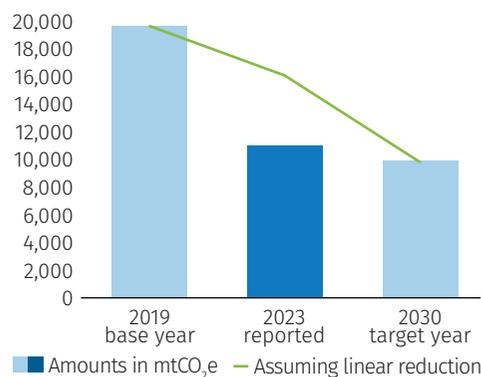
The performance against our GHG emission reduction targets can be summarized as follows:

in mtCO ₂ e		2019 base year ¹	2030 target year	2023 reported
Scope 1	Direct emissions	4,035		2,331
Scope 2 (market-based)	Emissions from purchased energy	15,674		8,733
Scope 1 and 2 (market-based)		19,709	9,854	11,064
Scope 3.1	Purchased goods & services	216,409		222,184
Scope 3.2	Capital goods	3,635		2,414
Scope 3.4	Upstream transportation & distribution	21,213		14,862
Scope 3.6	Business travel	25,798		24,621
Scope 3.7	Employee commuting	23,814		8,526
Total scope 3		290,869	203,608	272,607

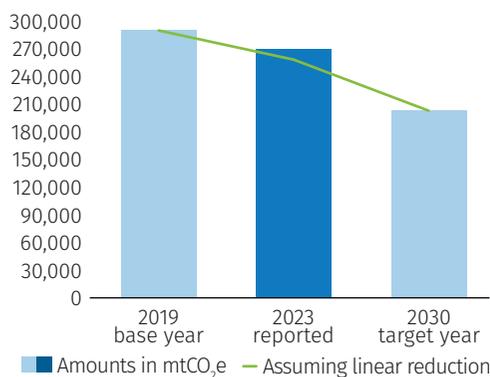
¹ Restated, see *Disclosures in relation to specific circumstances (BP-2)*.

We did not set emission reduction targets per year. When assuming a linear emission reduction over the 11-year period, our scope 1 and 2 for 2023 emissions are ahead of such a linear plan, while our scope 3 emissions for 2023 are behind. This is because reducing scope 3.1, 3.2, and 3.4 supplier emissions will require upfront effort and investment to drive change.

Scope 1 and 2 emissions



Scope 3 emissions



Other scope 3 categories were not included in the scope 3 target setting, as we concluded that these categories are individually not material following a screening analysis. We estimated that these categories would have contributed less than 5% of our total scope 3 emissions. Contrary to our communication in the 2022 Annual Report, direct-use phase customer emissions (scope 3.11) were kept outside our scope 3 target setting.

The base year is not restated for acquisitions and divestments in the years 2020 to 2023 as the net impact thereof is considered immaterial.

For further details on methodologies and assumptions applied in the calculations of GHG emissions, see the sections *Energy consumption and mix (E1-5)* and *Gross GHG emissions (E1-6)*.

Number of on-premise servers decommissioned in 2023

We set a target to reduce the number of on-premise servers in 2023. This target was included in the non-financial performance measures for the short-term incentive plan in 2023. The annual target is based on programs managed by Global Business Services, Digital eXperience Group, and our customer-facing divisions. Decommissioning of on-premise servers by migrating to energy-efficient cloud platforms reduces our carbon footprint.

The number of on-premise servers decommissioned in 2023 was 1,542, which was above target.

Percentage reduction in our office footprint

This annual target aims to achieve a reduction in our office footprint and thereby a reduction in our scope 1 and 2 emissions. The target is based on programs managed by our global real estate team. The target and outcome are on an underlying basis excluding the impact of acquisitions and divestitures. This target is included in the non-financial performance measures for the short-term incentive plan in 2024.

Environmental disclosures continued

Energy consumption and mix (E1-5)

Methodologies and assumptions

Energy consumption of our own operations relates to owned and leased offices. Energy consumption was partly confirmed through meter readings, reports from energy providers, or confirmations from landlords.

Some offices are shared with other tenants. In case only the energy consumption of the entire building was available, the energy consumption to our office space was allocated based on our square meter share.

For energy consumption in 2023, 78% of energy consumption in MWh was confirmed. The remainder was estimated or extrapolated by any of the following methods:

- For some large-sized offices, only nine-month data was available. In those cases, data was complemented with fourth-quarter data of the previous year. This estimation method only applied to 2023 data following an acceleration of data collection and related to 5% of energy consumption in MWh;
- Medium or smaller-sized offices for which only nine-month or 11-month data was available were extrapolated to 12 months in a pro rata manner. This extrapolation method only applied to 2023 data following an acceleration of data collection and related to 5% of energy consumption in MWh;
- U.S. offices for which no energy data was available were extrapolated using the available energy data of other U.S. offices in the same region as defined by the U.S. Environmental Protection Agency (U.S. EPA). If no energy data was available in a U.S. region, the offices in that U.S. region were extrapolated using the available energy data of all U.S. offices. These extrapolations were done based on relative square meters and related to 6% of energy consumption in MWh in 2023; or
- Offices in other countries for which no energy data was available were extrapolated using the available energy data of other offices in the same country. If no energy data was available in a country, the offices in that country were extrapolated using the available energy data of all our offices globally. These extrapolations were done based on relative square meters and related to 6% of energy consumption in MWh in 2023.

Energy consumption from fossil and nuclear sources were split at a country level based on 2021 electricity and heat supply consumption data from the International Energy Agency (IEA).

Energy production primarily relate to solar panels on roofs of some offices and is only considered in case actual data was available. Energy production is a new metric since 2022.

Energy consumption and production

<i>in MWh, unless otherwise stated</i>	2023	% of total	2022	% of total	2021 ¹	% of total
Energy consumption						
Consumption from fossil sources	32,140	74%	35,958	75%	39,044	78%
Consumption from nuclear sources	3,487	8%	3,818	8%	3,750	8%
Renewable energy consumption	7,772	18%	8,104	17%	6,952	14%
Total energy consumption	43,399		47,880		49,746	
Renewable energy consumption						
Consumption from purchased or acquired renewable sources	7,755		8,031		6,952	
Consumption of self-generated non-fuel renewable energy	17		73		–	
Renewable energy consumption	7,772		8,104		6,952	
Energy production						
Total energy production	17		73		–	

¹ Restated, see *Disclosures in relation to specific circumstances (BP-2)*.

For significant parts of 2021 and the first months of 2022, most of our offices were closed due to the COVID-19 pandemic.

In 2023, energy consumption decreased due to lower square meters and energy-saving measures taken at various offices.

Considering that our 2023 scope 1 and 2 emissions are ahead of plan when assuming a linear emission reduction over the eleven-year period 2019 to 2030, we did not purchase Energy Attribute Certificates.

We do not have own operations in high climate impact sectors.

Environmental disclosures continued

Gross GHG emissions (E1-6)

Summary

Our gross scope 1, 2, and 3 greenhouse gas (GHG) emissions can be summarized as follows:

<i>in mtCO₂e, unless otherwise stated</i>		2023	% of total	2022 ¹	% of total	2021 ²	% of total
Scope 1 (A)	Direct emissions	2,331	1%	2,719	1%	3,457	1%
Scope 2 (market-based)	Emissions from purchased energy	8,733	3%	9,294	3%	8,731	3%
Sub-total scope 1 + 2 (market-based)		11,064		12,013		12,188	
Scope 3.1	Purchased goods & services	222,184	75%	210,927	76%	218,928	82%
Scope 3.2	Capital goods	2,414	1%	2,646	1%	1,888	1%
Scope 3.4	Upstream transportation & distribution	14,862	5%	14,884	5%	16,091	6%
Scope 3.6	Business travel	24,621	8%	12,544	5%	848	0%
Scope 3.7	Employee commuting	8,526	3%	9,809	4%	1,497	1%
Scope 3.11	Use of sold products	12,966	4%	14,370	5%	16,879	6%
Sub-total scope 3 (B)		285,573		265,180		256,131	
Total gross GHG emissions (market-based scope 2)		296,637	100%	277,193	100%	268,319	100%
Scope 2 (location-based) (C)	Emissions from purchased energy	11,326		11,792		10,540	
Sub-total scope 1 + 2 (location-based) (A+C)		13,657		14,511		13,997	
Total gross GHG emissions (location-based scope 2) (A+B+C)		299,230		279,691		270,128	

¹ Scope 3.6 and 3.7 were restated, see *Disclosures in relation to specific circumstances (BP-2)*.

² Scope 1, 2, 3.6, and 3.7 were restated, see *Disclosures in relation to specific circumstances (BP-2)*.

Environmental disclosures continued

None of our scope 1 GHG emissions are from regulated emission trading schemes.

Our scope 1 and 2 emissions fully relate to Wolters Kluwer N.V. and its subsidiaries. Scope 1 and 2 emissions from equity-accounted associates are excluded as these were negligible.

The following scope 3 categories were excluded from our emission reporting as a screening analysis showed that these were individually insignificant and would have in aggregate contributed less than 5% of our total scope 3 emissions:

- Scope 3.3 fuel and energy-related activities, considering energy consumption purchased and consumed in our own operations is limited to the owned and leased offices;
- Scope 3.5 waste generated in operations, considering that waste generated in our own operations is limited to office waste;
- Scope 3.8 upstream leased assets, considering that the office space that is subleased to third parties is negligible;
- Scope 3.9 downstream transportation and distribution, considering that this is limited to our printing activities and that transportation and distribution paid by us is reported under scope 3.4;
- Scope 3.12 end-of-life treatment of sold products, considering that this is limited to our printing activities; and
- Scope 3.15 investments, considering that we have no material investments. Refer also to *Note 20 – Investments in equity-accounted associates* and *Note 21 – Financial assets* of the consolidated financial statements.

The following scope 3 categories are not applicable to us:

- Scope 3.10 processing of sold products;
- Scope 3.13 downstream leased assets; and
- Scope 3.14 franchises.

GHG emissions intensity

Our GHG emissions intensity is as follows:

	2023	2022	2021
Total gross GHG emissions (market-based scope 2) in mtCO ₂ e	296,637	277,193	268,319
Total gross GHG emissions (location-based scope 2) in mtCO ₂ e	299,230	279,691	270,128
Revenues in millions of euros ¹	5,584	5,453	4,771
GHG emission intensity (market-based scope 2) in mtCO ₂ e/revenues m€	53	51	56
GHG emission intensity (location-based scope 2) in mtCO ₂ e/revenues m€	54	51	57

¹ See *Consolidated statement of profit or loss*.

Environmental disclosures continued

Gross scope 1 and 2 GHG emissions

Methodologies and assumptions

Scope 1 and 2 emissions relate to our owned and leased offices and are calculated based on energy consumption. For further details on energy consumption, see *Energy consumption and mix (E1-5)*.

For scope 1 emissions, U.K. Department for Environment, Food and Rural Affairs (Defra) conversion factors were used to convert natural gas and heating oil consumption from MWh into CO₂e.

For market-based scope 2 emissions, purchased and acquired electricity from fossil and nuclear sources were converted from MWh into CO₂e as follows:

- For the two largest and owned offices, both located in the U.S. and jointly representing approximately 15% of our office square meters, the emission intensity figures of the energy providers were used;
- For other offices in the U.S., the EGRID Subregion emission factors from U.S. EPA were used; and
- For offices in other countries, emission factors from IEA were used.

For market-based scope 2 emissions, purchased and acquired steam and heat were converted from MWh into CO₂e using Defra conversion factors.

For location-based scope 2 emissions, the abovementioned factors were used to convert total energy consumption from MWh into CO₂e.

The most recent data available for the abovementioned factors are from the year 2022.

Scope 1 and 2 emissions

<i>in mtCO₂e</i>	2023	2022	2021 ¹
Scope 1	2,331	2,719	3,457
Scope 2 (market-based)	8,733	9,294	8,731
Total scope 1 + 2 (market-based)	11,064	12,013	12,188
Netherlands	474	404	470
Europe (excluding the Netherlands)	1,321	1,902	2,526
U.S. and Canada	7,254	7,674	8,133
Asia Pacific	1,987	2,023	1,034
Rest of World	28	10	25
Total scope 1 + 2 (market-based)	11,064	12,013	12,188
Scope 2 (location-based)	13,657	14,511	13,997

¹ Restated, see *Disclosures in relation to specific circumstances (BP-2)*.

For significant parts of 2021 and the first months of 2022, most of our offices were closed due to the COVID-19 pandemic.

In 2023, scope 1 and 2 (market-based) emissions decreased due to lower square meters, energy-saving measures taken at various offices, and a higher percentage of renewable energy.

Environmental disclosures continued

Gross scope 3.1, 3.2, and 3.4 GHG emissions

Methodologies and assumptions

Scope 3.1, 3.2, and 3.4 emissions (supplier emissions) all originate from our supply chain.

A major part of supplier emissions is calculated based on spend. Under this spend-based method, suppliers were clustered into industry sectors. U.S. dollar-denominated spend was converted into CO₂e using the supply chain industry emission factors from U.S. EPA. In 2023, U.S. EPA published its latest set of factors, which have a 2019 emission baseline on a 2021 U.S. dollar spend. Subsequently, the U.S. EPA factors were adjusted for U.S. inflation for the years thereafter. Spend denominated in euro or other currencies was converted into CO₂e by the same methodology, whereby industry emission factors were also adjusted for the change in the U.S. dollar – local foreign currency rate. If it was unknown in which industry a supplier operated, the associated spend was converted into CO₂e by using the weighted-average industry emission factors of the suppliers that were clustered into an industry sector.

A smaller part of supplier emissions is calculated using the supplier's most recent publicly available emission data, e.g., through its annual report, its sustainability statements, or its CDP reporting. Under this method, GHG emissions were calculated by dividing our spend by total revenues of the supplier, as reported in the supplier's consolidated financial statements, and then multiplied by the total scope 1, scope 2, and upstream scope 3 emissions of the supplier. For some suppliers, we could not conclude if the supplier reported its emissions in a complete manner and in accordance with acceptable methodologies. For those suppliers, we applied the spend-based method as described in the previous paragraph.

The remainder of supplier emissions is calculated using emission data as provided by suppliers to us. For these suppliers, we confirmed that the emission data covered scope 1, scope 2, and upstream scope 3 emissions in a complete manner with acceptable methodologies.

In case we act as agent between suppliers and customers, associated supplier emissions are included in our reporting. This spend predominately originates from governmental organizations in the U.S. and is associated with the CT Corporation business of the Financial & Corporate Compliance division.

Scope 3.2 emissions relate to the production of capital goods purchased by us. Scope 3.2 emissions were estimated based on the share of investments in property, plant, and equipment, as reported in the consolidated financial statements, to the total supplier spend. Using this methodology, all emissions from purchased capital goods are reported in the year of purchase.

Scope 3.4 emissions originate from upstream transportation and/or distribution of products purchased and include the spend on any mode of transport and the storage of these products. We do not transport or distribute these products in vehicles or through facilities leased and operated by us. The methodologies and assumptions for the calculation of scope 3.4 emissions were similar as those of scope 3.1 emissions.

The vast majority of supplier emissions is based on spend. Spend-based calculations have a high level of measurement uncertainty. We applied various assumptions in these calculations, including how suppliers are allocated to industry sectors, the use of U.S. EPA industry emission factors and the adjustments we applied to those, and the use of supplier's publicly available emission data. The estimate that is most sensitive in the measurement is the use of U.S. EPA industry emission factors.

Scope 3.1, 3.2, and 3.4 emissions

<i>in mtCO₂e, unless otherwise stated</i>	2023	2022	2021
Scope 3.1 purchased goods & services	222,184	210,927	218,928
Scope 3.2 capital goods	2,414	2,646	1,888
Scope 3.4 upstream transportation & distribution	14,862	14,883	16,091
Total supplier emissions	239,460	228,457	236,907
Spend-based method – U.S. EPA industry factors (% of emissions)	89%	91%	93%
Spend-based method – external supplier emission data (% of emissions)	9%	7%	5%
Supplier-specific method – supplier confirmations (% of emissions)	2%	2%	2%
Spend in € millions	2,324	2,229	1,896
Of which we act as agent between suppliers and customers in € millions	519	473	391

Supplier emissions increased in 2023 due to on an increase in spend.

Environmental disclosures continued

Gross scope 3.6 emissions

Methodologies and assumptions

Scope 3.6 emissions originate from business travel by employees, traveling by air or car. Business travel by other means of transport, e.g., public transport, is not material.

We opted to not report emissions associated with business travelers staying in hotels.

Business air travel is calculated using a distance-based method. Air travel is for the vast majority based on data confirmed by travel agents, complemented with data obtained from travel expense records. Air travel data includes the distance per flight segment, i.e., the distance of a flight between two cities, and the cabin class per flight. Flight segment distances were clustered into domestic (below 464 km), short-haul (464 km–3,700 km), and long-haul flights (above 3,700 km). Cabin classes were clustered into economy class, premium economy class, business class, and first class. Defra conversion factors were applied to convert kilometers traveled into CO₂e emissions.

Business car travel is calculated by applying an average-based method. Car travel is based on a survey held under approximately 1,500 client-facing employees, predominantly sales staff. Almost 25% of these employees completed the survey and confirmed their estimated annual kilometers travelled by car for business purposes and whether they travel with a fuel car, hybrid car, or electric car. The results of the survey were used to extrapolate for all client-facing employees, done on a country-by-country basis. Defra conversion factors were applied to convert kilometers traveled into CO₂e emissions. Applying a survey as basis for calculations may result in a high level of measurement uncertainty. However, this measurement uncertainty is considered not material due to the high response rate and the relative low share of car business travel emissions compared to total scope 3 emissions.

Scope 3.6 emissions

<i>in mtCO₂e, unless otherwise stated</i>	2023	2022 ¹	2021 ¹
Business travel – air travel	23,368	11,456	694
Business travel – car travel	1,253	1,088	154
Total scope 3.6 emissions	24,621	12,544	848
Average full-time equivalents ²	20,810	20,061	19,083
Emissions per average full-time equivalents	1.2	0.6	0.0

¹ Restated, see *Disclosures in relation to specific circumstances (BP-2)*.

² See *Note 12 – Employee benefit expenses* of the consolidated financial statements.

The increase in business travel emissions in 2023 is largely explained by COVID-19-related travel restrictions in especially the first months of 2022, combined with an increase in Defra conversion factors for air travel.

Gross scope 3.7 emissions

Methodologies and assumptions

Scope 3.7 emissions originate from commuting by employees. We opted to not report emissions associated with employees working remotely. We applied an average-based method for the calculation of employee commuting emissions.

Employee commuting emissions are based on a survey sent to all employees. Almost 25% of employees completed the survey. The average commuting distance, the mode of transport, and commuting frequency were the key questions in the survey. For the mode of transport, employees indicated whether they travel with a fuel car, hybrid car, electric car, motor bike, public transport, bike, or foot, or a combination of those. The results of the survey were used to extrapolate for all employees, done on a country-by-country basis. Defra conversion factors were applied to convert kilometers traveled into CO₂e emissions. Applying a survey as basis for calculations may result in a high level of measurement uncertainty. However, this measurement uncertainty is considered not material due to the high response rate and the relative low share of employee commuting emissions compared to total scope 3 emissions.

Scope 3.7 emissions

<i>in mtCO₂e, unless otherwise stated</i>	2023	2022 ¹	2021 ¹
Total scope 3.7 emissions	8,526	9,809	1,497
Average full-time equivalents ²	20,810	20,061	19,083
Emissions per average full-time equivalents	0.4	0.5	0.1

¹ Restated, see *Disclosures in relation to specific circumstances (BP-2)*.

² See *Note 12 – Employee benefit expenses* of the consolidated financial statements.

The decrease in employee commuting emissions in 2023 is largely due to a higher percentage of employees that are working fully remotely.

Environmental disclosures continued

Gross scope 3.11 emissions

Methodologies and assumptions

Scope 3.11 emissions originate from customers using our digital information or software products. Customers using our cloud-based software generate direct use-phase emissions. Customers using our on-premise software generate indirect use-phase emissions, which we report on a voluntary basis.

Almost half of customer emissions originate from the energy consumption of customers' devices when using our cloud and on-premise software (49% of total customer emissions in 2023). We estimated this energy consumption for the products that are used most time intensively, notably the products in our Tax & Accounting and Corporate Performance & ESG divisions. For most of these products, the average number of users in the year and estimated average number of login hours per user were determined to calculate the total login time in hours. For some products, total login time in hours was based on the total number of login moments and the average time per login moment. Total login time in hours was extrapolated for products not in scope of the data collection based on digital revenues at business unit level. In 2023, approximately 10% of emissions were extrapolated. Total login time in hours was converted into CO₂e emissions by:

- Estimating the relative share of our software to the average CPU usage of a device, based on external source information. We applied this estimate to all our products;
- Estimating the average watt per hour of a customer's device based on external source information, whereby we assumed that our customers on average use a standard business laptop; and
- Using IEA emission factors to convert MWh into CO₂e emissions, whereby we assumed that approximately 60% of our customers are based in North America, 30% in Europe, and 10% in Asia Pacific following the revenues generated by region as reported in the consolidated financial statements.

The remainder of customer emissions originate from the energy consumption of servers at the customer's own premises for hosting our on-premise software (51% of total customer emissions in 2023). To calculate this energy consumption, the following estimates were applied:

- For on-premise software products, the average number of customers in the year was determined. In case this data was not available, we extrapolated based on digital on-premise revenues at business unit level. Approximately 20% of emissions were extrapolated;

- We estimated the number of servers at a customer's own premise based on the type of on-premise customers we have (i.e., large companies or institutions versus small and medium-sized firms);
- We estimated the average utilization of a server based on expertise of our Global Business Services;
- We estimated the average energy usage of a server based on external source information; and
- IEA emission factors were used to convert MWh into CO₂e emissions, whereby we assumed that approximately 60% of our customers are based in North America, 30% in Europe, and 10% in Asia Pacific following the revenues generated by region as reported in the consolidated financial statements.

As indicated above, there are numerous estimates applied in the calculation of customer emissions. As such, we observe a high level of measurement uncertainty. The estimates that are most sensitive in the measurement are the average number of login hours per user and the relative share of our software to the average CPU usage of a device.

Scope 3.11 emissions

<i>in mtCO₂e, unless otherwise stated</i>	2023	2022	2021
Direct use-phase emissions – energy consumption of customers' devices when using our cloud-based software	3,872	3,108	2,735
Indirect use-phase emissions – energy consumption of customers' devices when using our on-premise software	2,487	2,486	2,635
Indirect use-phase emissions – energy consumption of servers at customers' own premises for hosting our on-premise software	6,607	8,776	11,509
Total scope 3.11 emissions	12,966	14,370	16,879

Customer emissions decreased in 2023, primarily due to a decrease in customers that host our on-premise software at their own premises. Direct use-phase emissions increased in 2023 due to an increase in the number of users of our cloud software.

Environmental disclosures continued

GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

We did not engage in GHG removal or storage projects, nor did we initiate GHG mitigation projects financed through carbon credits.

Climate change company-specific metrics

Migration of servers to energy-efficient cloud providers

Over the past decade, we have been migrating customer applications and internal systems from on-premise servers to the cloud. A target for the decommissioning of on-premise servers was included in Executive Board and senior management remuneration in 2021, 2022, and 2023. See *Targets related to climate change (E1-4)*.

	2023	2022	2021
Number of data centers closed	12	14	21
Number of on-premise servers decommissioned	1,542	1,032	2,838

Real estate rationalization

For several years, we have been executing a real estate rationalization program, which has already delivered significant reductions in our office footprint through office closures and consolidations. This program achieved a 5% organic reduction in square meters in 2023.

	2023	2022	2021
Real estate rationalization, % organic reduction in m ² ¹	5%	5%	7%

¹ The organic reduction in m² excludes the effect of acquisitions and divestments.

Social disclosures



In this section, we provide disclosures on our material impacts, risks, and opportunities relating to social matters.

Own workforce (ESRS S1)

Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)

Our workforce is instrumental to our business model. Attracting, developing, and retaining a diverse and highly skilled workforce is essential to delivering our strategy. A diverse and motivated workforce drives innovation, better decisions, and strong performance, which creates value for all our stakeholders. An inclusive culture ensures all employees are heard and respected for their contributions and helps maintain a rewarding work environment that encourages individual and business success. By providing our workforce with a diverse and inclusive work environment, training and skills development opportunities, and benefits, we positively impact the personal and professional lives of our workforce.

Our workforce is comprised of employees and non-employees. Non-employees are individual contractors and people provided by suppliers primarily engaged in employment activities. All individuals in our workforce could be affected by the material impacts and opportunities described in this section, unless otherwise indicated. Certain policies, actions, metrics, and targets only apply to employees. When we refer to both employees and non-employees, we use the term “workforce”.

Policies related to own workforce (S1-1)

For a complete overview of the policies related to our own workforce, see *Policies adopted to manage material sustainability matters (MDR-P)*.

Our Code of Business Ethics (Code) sets forth the ethical standards that are the basis for our decisions and actions, and for achieving our business goals. The Code covers various policies, some of which are further detailed in standalone policies, processes, and/or programs. The Code covers policies on our material impacts related to our workforce. The Code is approved and adopted by the Executive Board and is reviewed annually.

The policy on equal opportunity in the Code provides that we foster an inclusive company culture and do not make employment decisions based on various discriminatory factors, including among others race, color, religion, sex, age, national origin, sexual orientation, gender identity, ethnicity, disability, and handicap. This includes equal treatment in recruitment, hiring, training, compensation, promotion, performance assessment, and disciplinary action. This policy is further detailed in our Diversity, Equity, Inclusion & Belonging (DEIB) Policy and Human Rights Policy. These policies relate to the material impacts of equal pay for equal value, diversity, equity, inclusion, and belonging, training and skills development, and well-being.

Our Code also includes our commitment to data privacy. In addition, we maintain data privacy policies that apply specifically to the personal data of our workforce. These policies disclose how personal information is used and shared and are based upon applicable data privacy principles and regulations. We collect personal data from our workforce only for specified purposes, which are documented. When third parties, such as vendors, have access to personal information of our workforce, we include relevant standards and requirements for the processing of this data. Our Code also includes a policy on the use of company technology and systems in a responsible and secure manner, which is further detailed in our Acceptable Use Policy.

These policies are made available to our workforce in various languages through a dedicated intranet page. The Code of Business Ethics, DEIB Policy, and Human Rights Policy are available on www.wolterskluwer.com/en/investors/governance/policies-and-articles. Our workforce is made aware of these policies through various training and communication initiatives.

Social disclosures continued

We support human rights as outlined in the Universal Declaration of Human Rights, the core standards of the International Labor Organization, the United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. We strive to ensure that our own activities do not infringe human rights. We are a signatory of the United Nations Global Compact and the United Nations Women Empowerment Principles and we are committed to aligning with these respective principles. Our human rights policy commitments are included in our Code of Business Ethics and Human Rights Policy. Our Human Rights Policy addresses our commitment to taking steps preventing modern slavery or human trafficking in our supply chain or in any part of our business.

Processes for engaging with own workforce and workers' representatives about impacts (S1-2)

As part of the normal course of business, we encourage regular engagement with our workforce at all levels, including one-on-one meetings between managers and employees and team meetings. We also host regular town hall meetings throughout the year. In addition, we have formal processes for performance management and career development that encourage ongoing manager and employee check-ins.

We gather feedback from our employees formally through our employee listening surveys, tickets submitted to our HR Service Delivery group, and through the SpeakUp program. We also have regular interactions with our local and European work councils. We provide mechanisms to our workforce to direct any questions, comments, or requests regarding their personal information and our privacy practices. Generally, the employee privacy policies are provided to and acknowledged by our employees upon hire and notification is provided to employees when any material changes are made to these policies.

Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)

We maintain a culture of open communication and a safe environment where everyone should feel confident to raise any concerns. We have a zero-tolerance policy for retaliation. We offer several channels for reporting any issues about ethical situations or behavior, including direct managers, Human Resources, the Global Law and Compliance Department, or senior management. In addition, our global SpeakUp system — operated through an external provider — offers our workforce a confidential channel, available 24/7 for reporting concerns in their own language, with the option to report anonymously where permitted by law.

For data privacy, we have a channel to report data privacy incidents. Potential data privacy incidents and risks are managed in accordance with our Data Privacy Incident Management Plan, which describes how we prepare for and respond to incidents. We regularly review and update our incident management guidance and training.

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of actions (S1-4)

Equal pay for equal value

We have implemented a global career framework which provides principles and a basis for defining work for all jobs and implemented base pay salary structures where possible. Additionally, we comply with gender pay reporting where required by local laws and regulations. We also complete an annual, systematic base pay study (including, but not limited to, gender) for our employees in the U.S., to identify and remediate deviations in gender pay. We are developing a plan to expand this work in accordance with all applicable laws and regulations.

Diversity, Equity, Inclusion, and Belonging (DEIB)

Our actions to further advance DEIB focus on:

- Hiring, promoting, and retaining a highly engaged and talented workforce that represents the diversity of the communities where we live and work; and
- Cultivating a culture of inclusion and belonging that values authenticity and fairness, and respects diversity in all its forms.

We measure the impact of our DEIB efforts through a range of metrics in compliance with local laws and regulations. Globally, we assess our performance with an employee belonging score derived from our annual all-employee survey. Belonging is defined as the extent to which employees believe they can bring their authentic selves to work and be accepted for who they are.

To formalize our DEIB efforts, we established a Global Diversity, Equity, Inclusion & Belonging Policy in 2023. For more information, see section *Policies related to own workforce (S1-1)*.

In accordance with Dutch law, we have developed an action plan to achieve our target to increase the female representation in our executive career band. We do this through continuing our equitable and inclusive practices focused on improving female representation in hiring, promotions, and talent retention, as described below.

We have implemented inclusive job posting software which has enabled us to create market leading job advertisements and attract more diverse talent by focusing on critical skills and using inclusive language. We believe this will have a positive impact on slate diversity in future years.

Social disclosures continued

We also track aggregate candidate diversity slate for all U.S.-based roles, setting specific slate goals to advance gender, race, and ethnic diversity. We aspire to year-over-year improvement and are committed to executing on actions to maintain our positions of strength while improving where we have opportunity.

To encourage a culture of inclusion and belonging, all employees were invited to our inclusive leadership learning journey in 2023. This program is designed to drive behavior change within everyday team interactions and support our culture of inclusion and belonging. The first part of the program focused on key inclusive behaviors, the second on reducing bias in decision-making, and the final part encouraged allyship to reduce inequities within the workplace. A behavior change survey to managers and employees showed that managers were applying the behaviors in everyday interactions and reported feeling more effective in their role.

In 2023, we also launched three global inclusion networks — Women, Pride, and Multicultural. All our employees can join these networks that help reinforce a culture of inclusion and belonging that values authenticity and fairness and respects diversity in all forms. During the year, these networks hosted internal and external speaker events, roundtable discussions, and peer-to-peer networking; raised awareness of inclusive benefit offerings; and participated in community events for their 3,300 collective members.

As we look to 2024, we intend to reinforce the work done to date with continued focus on diversity sourcing and embedding inclusive and equitable behaviors within our core talent and business processes.

Work-life balance

Our actions around work-life balance relate to benefits, flexible work, and well-being.

Our Together we Thrive program supports the well-being of our workforce by offering resources and content to help employees be their best — emotionally, physically, socially, and financially. Key actions include:

- Robust benefits packages that include competitive options reflecting the market practices in the various geographies in which we have employees;
- Family planning benefits in various markets including programs such as gender inclusive parental leave policies, adoption assistance, insurance coverage for fertility services, and support for childcare services;
- Flexible work arrangements, including flexible work hours and the option to work outside the office, to help employees balance their professional and personal commitments;
- An Employee Assistance Program and resiliency tools that provide mental health and other support;

- Digital financial well-being resources to help our employees plan for a financially secure future based on their specific needs and goals; and
- Paid time-off benefits to ensure employees have the time to care for themselves and those close to them.

We continue to assess and evolve our well-being offering and key benefits based on best market practices and workforce preferences.

Training and skills development

We deliver innovative talent solutions that enable performance, growth, and skills development for all employees. All talent processes, tools, resources, offerings, and programming are designed to support developing skills and careers.

In 2023, we focused on several key enhancements to our talent program portfolio to support employees in skills development and career growth. Key actions include:

- Enhancement of our succession planning process, which has resulted in an improvement in the readiness and availability of our talent to fill internal job openings;
- Enabling more businesses to leverage the learning platform to meet their training needs and continuing to deploy mandatory and optional training to a global audience;
- Running a global employee development campaign #Grow, which is designed to incorporate growth and development into daily work life and increase engagement in learning;
- Pilot for a global mentoring program which will continue to grow in 2024; and
- Providing resources for managers, including additional curricula that support managers to coach and develop their teams and reinforce an inclusive work environment.

Looking ahead, we will advance the work to focus on skills development and build programs to ensure we maintain the current and emerging skills required for our workforce.

Privacy

We provide ongoing training and awareness programs to our workforce to reflect data privacy and cybersecurity developments. We incorporate key themes into our data privacy and cybersecurity courses that employees are required to take every year. In 2023, we developed a new Privacy Awareness training course that was rolled out to our employees and a large proportion of our non-employees.

Social disclosures continued

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

To advance the positive impact of DEIB on our employees, we have set the following targets:

- Improvements to our employee belonging score;
- Have at least 33% male and female representation in our Supervisory and Executive Boards;
- Increase female representation in the executives career band by 2% by 2028 from a 2022 baseline;
- Increase our employee engagement score relative to the Microsoft Glint top 25th benchmark in 2024; and
- 98% of employees to complete Annual Compliance Training. See *Business conduct company-specific metrics* on [page 126](#).

The target 'improvements to our employee belonging score' is included in the non-financial performance measures for the 2023 and 2024 short-term incentive plans. For further details, see the sections *Key elements of our remuneration policy* in *Remuneration report* on [page 73](#) and *Payouts for performance against 2023 STIP targets* in *Remuneration report* on [page 80](#).

Characteristics of our employees (S1-6)

Methodologies and assumptions

Unless otherwise stated, all numbers are reported in headcount at December 31. Headcount data is based on our global human resource platform. The split by country and region is based on the legal entity the employee is employed by. A negligible number of employees work in a different country than the country where the legal entity is based.

Headcount by gender is based on the gender indicated by employees in our global human resource platform. Currently, employees are not yet able to specify a gender other than male or female in our global human resource platform. Hence, no employees are reported as 'other gender'. Employees that did not select a gender or did not want to disclose their gender are reported under 'not disclosed'.

Headcount by contract term is based on our global human resource platform. We are not yet able to report permanent and temporary employees separately and have initiated a project to ensure reporting this split in the 2024 Annual Report. As headcount by contract term is a new metric for us, no 2022 and 2021 comparatives are reported.

Divested operations are excluded from the employee turnover calculation. Employee turnover is split into voluntary turnover and non-voluntary turnover. Voluntary turnover includes employees who initiated the contract termination or employees that retired. Non-voluntary turnover includes employees who were dismissed or passed away. The denominator of the employee turnover calculation is based on a 12-month average headcount.

Race/ethnicity of U.S. employees, which is a company-specific metric, is based on what employees indicated in our global human resource platform. Races/ethnicities mirror those used for required federal reporting in the U.S. Other races/ethnicities include employees who identified as being of two or more races, Native American, Alaska Native, Native Hawaiian, or Other Pacific Islander. Employees who did not know their race/ethnicity or did not select a race/ethnicity are reported under 'unknown or not disclosed'.

We did not apply estimates in the reporting of the characteristics of our employees.

Social disclosures continued

Headcount by gender

	2023	% of total	2022	% of total	2021	% of total
Female	9,812	46%	9,470	46%	9,187	46%
Male	11,438	53%	10,898	53%	10,490	53%
Not disclosed	188	1%	143	1%	123	1%
Total headcount at December 31 ¹	21,438		20,511		19,800	

¹ See Note 12 – Employee benefit expenses of the consolidated financial statements.

Headcount by country and region

	2023	% of total	2022	% of total	2021	% of total
U.S.	8,707	40%	8,478	41%	8,037	41%
India	3,358	16%	2,810	14%	2,203	11%
Other countries	9,373	44%	9,223	45%	9,560	48%
Total headcount at December 31	21,438		20,511		19,800	
The Netherlands	1,176	5%	1,150	6%	1,119	6%
Europe (excluding the Netherlands)	6,824	32%	6,740	33%	7,145	36%
U.S. and Canada	9,067	43%	8,821	43%	8,369	42%
Asia Pacific	4,295	20%	3,729	18%	3,097	16%
Rest of the world	76	0%	71	0%	70	0%
Total headcount at December 31	21,438		20,511		19,800	

The U.S. and India are the only two countries representing at least 10% of our total number of employees.

Headcount by contract term

	Female	Male	Not disclosed	Total 2023
Permanent and temporary employees	8,558	10,759	182	19,499
Non-guaranteed hours employees	1,254	679	6	1,939
Total headcount at December 31, 2023	9,812	11,438	188	21,438

Non-guaranteed hours employees are almost all employed in the U.S. and predominately work in customer service, fulfillment, and inside sales job functions. These employees are entitled to a certain number of paid sick and vacation days. On average, these employees worked 36 hours per week in 2023, assuming 48 working weeks.

Employee turnover

	2023	2022	2021
Employees who left the company in the year (excluding divested operations)	2,071	3,053	2,943
% of total employee turnover	9.8%	15.3%	15.4%
<i>Of which:</i>			
% of voluntary employee turnover	7.3%	12.8%	12.1%
% of non-voluntary employee turnover	2.5%	2.5%	3.3%

Social disclosures continued

Race/ethnicity of U.S. employees

	2023	% of total	2022	% of total	2021	% of total
Asian	1,114	13%	1,031	12%	979	12%
Black or African American	628	7%	639	8%	547	7%
Hispanic or Latino	551	6%	525	6%	475	6%
White	5,852	68%	5,798	68%	5,595	69%
Other races/ethnicities	188	2%	165	2%	133	2%
Unknown or not disclosed	374	4%	320	4%	308	4%
Total U.S. headcount at December 31	8,707		8,478		8,037	

Characteristics of non-employees in our own workforce (S1-7)

Non-employees are individual contractors and people provided by suppliers primarily engaged in employment activities.

At present, we do not have a system in place to collect and monitor the characteristics of non-employees in our own workforce. The implementation of such a system will commence in the course of 2024. We have the ambition to give further insight in the characteristics of non-employees in 2024 Annual Report. However, we may make use of the phase-in option for the reporting of this disclosure and start reporting the global number of non-employees in the 2025 Annual Report.

Diversity metrics (S1-9)

Methodologies and assumptions

Unless otherwise stated, all numbers are reported in headcount at December 31. The split of headcount by employee category and gender and the split of headcount by age group is based on our global human resource platform.

Executives include employees that are in the executives career band, meaning that they have a job category role with executive managerial responsibilities. In this context, executives exclude the Executive Board. Managers are defined as employees having one or more direct reports, excluding the Executive Board and the executives.

Headcount by employee category and gender

	2023	2022	2021
Supervisory Board by gender¹			
Female	4	4	3
Male	2	3	4
Executive Board by gender			
Female	1	1	1
Male	1	1	1
Executives by gender			
Female	95	91	88
Male	206	200	188
Not disclosed	–	–	–
Gender ratio, % female			
Supervisory Board ¹	67%	57%	43%
Total headcount	46%	46%	46%
<i>Of which:</i>			
Executive Board	50%	50%	50%
Executives	32%	31%	32%
Managers	41%	39%	39%
Other employees	47%	47%	48%

¹ Supervisor Board members are not employees of the company.

Headcount by age group

	2023	% of total	2022	% of total	2021	% of total
Under 30 years old	3,071	14%	2,987	15%	2,520	13%
30-50 years old	12,754	60%	12,223	59%	12,058	61%
Over 50 years old	5,613	26%	5,301	26%	5,222	26%
Total headcount at December 31	21,438		20,511		19,800	

Social disclosures continued

Persons with disabilities (S1-12)

Methodologies and assumptions

The disability percentage is derived from U.S. employees that indicated in the global human resource platform that they have a disability. We may make use of the phase-in option for this metric, hence start reporting the disability percentage for all employees in the 2025 Annual Report.

Persons with disabilities in the U.S.

	2023	2022	2021
% of U.S. employees with disabilities	2%	2%	2%

Training and skills development metrics (S1-13)

Methodologies and assumptions

All employees participate in a global performance management process. The performance review is annual and includes all active employees excluding only those who were hired in Q4, employees on long-term leave, employees for which the contract termination was communicated prior to December 31, and interns. While they are not included in the review process, these employees are included in the denominator of the calculation.

Training activity and time spent are captured in the learning platform, which is an integrated module in the global human resources information system. The metric includes all internal training content available in the learning platform. Mandatory compliance training such as the Annual Compliance Training is excluded from the metric. At this time, external training events, self-study, or other types of training events are not captured. We expect to expand capabilities to capture more training activity in the 2024 Annual Report. We will make use of the phase-in option for this metric, hence start reporting full training hours, including those occurring outside of the learning platform, in the 2025 Annual Report.

The training metrics are calculated based on the headcount at December 31.

Executives include employees that are in the executives career band, meaning that they have a job category role with executive managerial responsibilities. In this context, executives exclude the Executive Board. Managers are defined as employees having one or more direct reports, excluding the Executive Board and the executives.

Performance review

	2023	2022 ¹	2021 ¹
% of employees participated in performance and career development reviews	97%	–	–
Participation percentage by gender			
Female	97%	–	–
Male	96%	–	–
Not disclosed	86%	–	–
Participation percentage by employee category			
Executives	99%	–	–
Managers	99%	–	–
Other employees	96%	–	–

¹ In the 2022 Annual Report, we applied a different methodology to calculate this metric. Hence, no comparatives are reported.

Training

	2023	2022 ¹	2021 ¹
% of employees that followed internal training content available in the learning platform	97%	–	–
Average number of training hours per employee	5	–	–
Training hours by gender			
Female	5	–	–
Male	5	–	–
Not disclosed	3	–	–
Training hours by employee category			
Executives	3	–	–
Managers	6	–	–
Other employees	5	–	–

¹ In the 2022 Annual Report, we applied a different methodology to calculate this metric. Hence, no comparatives are reported.

Social disclosures continued

Work-life balance metrics (S1-15)

Methodologies and assumptions

We report on family-related leave according to the definitions of ESRS, i.e., it includes maternity leave, paternity leave, parental leave, and carers' leave from work.

The percentage of employees entitled to take family-related leave is derived from our family-related leave programs in the U.S.

The percentage of employees that took family-related leave in the year, including the split by gender, is derived from a report from a third-party leave administrator in the U.S. These employees register their leave in a platform of this third party.

We have the ambition to expand the reporting of this metric to other countries in which we operate in the 2024 Annual Report.

Family-related leave in the U.S.

	2023	2022	2021
% of U.S. employees entitled to take family-related leave at December 31	100%	100%	100%
% of U.S. employees that took family-related leave in the year ¹	6%	–	–
Family-related leave taken by gender			
Female	6%	–	–
Male	5%	–	–
Not disclosed	0%	–	–

¹ In the 2022 Annual Report, we applied a different definition of family-related leave in the calculation of this metric. Hence, no comparatives are reported.

Remuneration metrics (S1-16)

Pay gap

We are finalizing our technical and analytical approach to determine gender pay gap following the stipulations of ESRS Disclosure Requirement S1-16 and have initiated a project to ensure publishing of gender pay gap in the 2024 Annual Report.

Annual total remuneration ratio

The annual total remuneration ratio will be published in the 2024 Annual Report.

Similar as in past years, we disclosed the CEO pay ratio, following the Principles and Best Practices of the Dutch Corporate Governance Code.

Methodologies and assumptions

The CEO pay ratio is calculated as the compensation of the highest-paid individual divided by the average employee remuneration. The compensation of the highest-paid individual, being the CEO, is based on the remuneration costs as stated in the table *Remuneration of the Executive Board – IFRS based* in the *Remuneration report*, minus the tax-related costs. See [page 78](#).

The average employee remuneration is obtained by dividing the total employee benefit expenses as stated in *Note 12 – Employee benefit expenses* (after subtracting the CEO's remuneration) by the reported average number of full-time employees (minus one).

CEO pay ratio

	2023	2022 ¹	2021
CEO pay ratio	77	78	87

¹ Restated as temporary staff and contractors are no longer reported within employee benefit expenses. See *Note 12 – Employee benefit expenses* of the consolidated financial statements.

Social disclosures continued

Incidents, complaints, and severe human rights impacts (S1-17)

General

We are currently not able to report all metrics as stipulated by ESRS Disclosure Requirement S1-17. Our SpeakUp program offers various channels to raise concerns. However, incidents of discrimination and complaints could be filed through other channels than SpeakUp for which we do not yet have a global platform in place. We have initiated a project to ensure reporting of these metrics in the 2024 Annual Report.

In our largest region, U.S. and Canada, we have insight in the number of incidents of discrimination and complaints. As a company-specific metric, we report the number of investigations opened in the U.S. and Canada in the year.

For the number of concerns registered through the SpeakUp system, see *Business conduct company-specific metrics* on [page 126](#). However, the scope of SpeakUp is broader and includes, for example, concerns about ethical situations and behavior.

We did not identify any severe human rights incidents in 2023, 2022, and 2021.

Methodologies and assumptions

In the U.S. and Canada, we have an employee relations case management platform in place. All incidents affecting our employees, including those related to discrimination and harassment, are tracked in this platform. In case such an incident was raised through our SpeakUp system, the incident was also added to the employee relations case management platform and included in this metric.

Number of work-related or discrimination investigations opened in the U.S. and Canada

	2023	2022 ¹	2021 ¹
Number of investigations opened in the U.S. and Canada	44	–	–

¹ This is a new metric. Hence, no comparatives are reported.

Other own workforce company-specific metrics

Methodologies and assumptions

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 to 100 is based on a survey by a third-party market-leading survey partner (2023, 2022, and 2021: Microsoft Glint).

We conduct annual global surveys by a third-party market-leading survey partner to measure employee engagement (2023, 2022, and 2021: Microsoft Glint).

Belonging score and employee engagement score

	2023	2022	2021
Belonging score	75	73	72
Employee engagement score	78	77	76
Employee engagement relative to global top 25th benchmark Microsoft Glint	3 points below	–	–

In 2023, we started comparing our employee engagement score relative to the global top 25th benchmark of Microsoft Glint. Comparative figures for prior years are not available. Microsoft Glint top 25th benchmark uses all Glint customers and take the top 25th percentile of scores for each question or index. Our target is to increase our employee engagement score relative to the Microsoft Glint top 25th benchmark in 2024.

Annual Compliance Training

For the percentage of employees that completed the Annual Compliance Training, which includes cybersecurity, data privacy, and business ethics courses, see *Business conduct company-specific metrics* on [page 126](#).

Social disclosures continued

Workers in the value chain (ESRS S2)

Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)

Our operations depend on upstream suppliers and their workers in the provision of cloud services, outsourced and offshored data center services, software development and maintenance services, back-office transaction-processing services, content services, and other services. While we have not yet obtained full insights in the human rights and labor conditions of supply chain workers, our initial findings on select key suppliers do not show signs of material risks related to their human rights, including child labor or forced labor. However, it is not excluded that in certain sectors and/or geographies, supply chain workers may not have equal opportunities, adequate wages, secure jobs, work-life balance, and protection of health and safety at work, while it may be difficult to influence suppliers' own policies. In the coming years, we plan to obtain more insights into the social aspects of our supply chain.

Policies related to value chain workers (S2-1)

Our Supplier Code of Conduct includes standards around environmental, social, and business conduct and compliance expected from all our suppliers, business partners, agents, resellers, and third parties that deliver products or services to us. This Supplier Code of Conduct supplements our Code of Business Ethics and sets forth the standards and practices that our suppliers are required to uphold, including the following:

- Support and respect of internationally recognized human rights in dealing with their employees, clients, suppliers, shareholders, and communities;
- Equal treatment and reward of their workers, including equal pay for equal work, non-discrimination in hiring and employment practices, and promotion of a diverse and inclusive work environment;
- Compliance with all applicable wage, hour, and benefits laws and regulations, as well as payment of fair wages and benefits in line with industry standards; and
- Provision of a safe, hygienic, and healthy workplace in compliance with all applicable local and national laws and regulations.

As stated in our Supplier Code of Conduct, we support the principles of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Core Labor Standards of the International Labor Organization.

Processes for engaging with value chain workers about impacts (S2-2)

We currently do not have a process to engage directly with value chain workers.

Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)

Our Supplier Code of Conduct provides that value chain workers can raise any questions or concerns to their usual Wolters Kluwer contact or by contacting the Wolters Kluwer Ethics & Compliance team. The channel to raise concerns as described in the Supplier Code of Conduct is available for value chain workers on the company's website. Wolters Kluwer will review and consider all concerns raised and investigate and/or respond as appropriate.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of these actions (S2-4)

We expect our suppliers to uphold the same social and environmental standards to which we are committed. Through our supply chain risk management program, we engage with our suppliers to ensure we have a responsible supply chain throughout our global operations. Suppliers who are managed by our procurement department are required to complete a due diligence questionnaire providing information on their policies for data security and data privacy, environmental footprint, and more. As part of this due diligence, we also request our suppliers to commit to our Supplier Code of Conduct or to their own equivalent standard, requiring them to follow applicable laws and regulations in areas such as human rights, labor conditions, anti-bribery, and the environment. Based on an assigned supplier risk classification, this due diligence is repeated every one to three years.

Social disclosures continued

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5)

We currently do not have targets regarding workers in the value chain.

Workers in the value chain company-specific metrics

Methodologies and assumptions

We request our suppliers to commit to our Supplier Code of Conduct or to their own equivalent standard. In our supplier engagement platform, we keep track of the number of suppliers having a signed Supplier Code of Conduct or an equivalent standard. If a contract with a supplier is ended, it is removed from the disclosed number.

Signed Supplier Code of Conduct or an equivalent standard

	2023	2022 ¹	2021 ¹
At January 1, number of suppliers having a signed Supplier Code of Conduct or an equivalent standard	1,527	900	490
Number of suppliers that signed the Supplier Code or Conduct or provided an equivalent standard	325	627	410
Supplier relationships ended 2021-2023 ¹	(307)	–	–
At December 31, number of suppliers having a signed Supplier Code of Conduct or an equivalent standard	1,545	1,527	900

¹ In prior years, we did not subtract the suppliers whose contracts were ended. Hence, the number of supplier relationships ended 2021-2023 is a cumulative figure.

Consumers and end-users (S4)

Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)

End-users are defined as individuals that receive the benefit of our products or services. These could be our direct customers or individuals that receive services from our customers based on the use of our products or services by the customer, such as clients and patients.

As a data-driven digital company, it is part of our strategy and business model that personal information resides in our products that end-users use or benefit from. Protecting that information from privacy and security breaches is therefore a critical component of our strategy. In case of privacy incidents, the privacy rights of end-users could be negatively impacted.

The provision of high-quality and actionable information to our customers is the core of our strategy and business model. Our customers depend on our knowledge and expertise to provide better outcomes for their clients or patients. As we provide our customers around the globe with access to quality information, we create positive impacts for our customers and their clients or patients who are receiving their services. Ensuring the provision of high-quality and actionable information to our customers is also critical to the success of our business and therefore creates an opportunity.

Policies related to consumers and end-users (S4-1)

Privacy

We foster a culture that respects the data privacy rights of individuals, including end-users. We maintain policies and procedures regarding how we handle end-user personal information that is entrusted with us. We have set the EU General Data Protection Regulation (GDPR) as our global baseline reference and embed privacy rights in our policies, design, and processes. In 2023, we developed a Global Data Privacy Policy that will be rolled out in 2024. This policy reflects our commitment to a global privacy baseline across divisions, business units, and countries. We collect personal data only for specific purposes, which are specified and documented. As part of our contracting with third parties, such as vendors, we include standards and requirements for processing of data.

Social disclosures continued

Access to quality information

Our Code of Business Ethics includes our Editorial Independence Policy, providing that we are committed to delivering high-quality and accurate content based on interpretation, best practice, analysis, and guidance relating to legal, market, and other sources. We avoid bias, defamation, and conflict of interest in approaching a subject and in the development of our products.

Processes for engaging with consumers and end-users about impacts (S4-2)

Privacy

We engage with end-users about our privacy practices in various ways, including through agreed upon terms in our contracts or through privacy notices or terms and conditions on our websites and applications. We explain what personal information we collect, use, and disclose, and inform end-users of their rights and the choices they can make about the sharing of their information. Our privacy notices also allow individuals to ask questions or exercise their relevant privacy rights by submitting a form from our website. Customers also have the ability to reach appropriate support resources.

Access to quality information

Across our different businesses, we provide mechanisms for reader and customer feedback.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)

Privacy

We have documented incident management procedures to address security incidents and unauthorized acquisition, use, or disclosure of personal data. We have a cross-functional, global Information Technology Security Incident Response Team that plans, assesses, enforces, documents, and remediates security incidents and events across the company. We notify our customers of privacy or security incidents in accordance with applicable legal, regulatory, and/or contractual requirements.

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4)

Privacy

For our incident management procedures, see the previous section. We continue to provide ongoing training and awareness programs to reflect data privacy and cybersecurity developments. We incorporate key themes into our data privacy and cybersecurity courses that employees are required to take every year.

Access to quality information

We commission experts in their fields to provide us with the latest professional information on a range of relevant issues. We allow our editors independence in their decision-making, free from external pressure to foster a free exchange of ideas.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S4-5)

We have a target that 98% of our employees should complete the Annual Compliance Training, which includes cybersecurity, data privacy, and business ethics courses. See *Business conduct company-specific metrics* on [page 126](#).

Governance disclosures



In this section, we provide disclosures on our material impacts, risks, and opportunities relating to business conduct matters.

Business conduct (ESRS G1)

Our company values and ethical standards are fundamental to how we interact with our employees, customers, suppliers, and partners, and with society at large.

Business conduct policies and corporate culture (G1-1)

The Wolters Kluwer Code of Business Ethics (Code) sets forth the ethical standards that are the basis for our decisions and actions, aligned with our company values. It provides guidance on how we live our company values. Our Code covers multiple topics, such as discrimination and harassment, anti-bribery and anti-corruption, and conflicts of interest, several of which are further detailed in standalone policies. Our Code is published on our internal and external websites in various languages.

We foster our corporate culture by incorporating our values and ethical standards in our day-to-day work. Through various communication and training activities during the year, we support our workforce in understanding how these standards apply to their day-to-day work and interactions with colleagues, customers, and business partners. Our Annual Compliance Training program includes a course on our Code with rotating topics, and our workforce is asked to certify that they have read and understood our Code. In 2023, the training topics were bribery and corruption, fair competition, and intellectual property. We monitor our culture of ethics and compliance via the annual global employee survey, the SpeakUp program, and through internal audits. These efforts also help us measure the effectiveness of our Code and our SpeakUp program.

Our Code and SpeakUp Policy describe how our workforce can raise concerns about ethical situations or behavior. We offer several channels for reporting concerns. Our global SpeakUp system — operated through an external provider — offers our employees a confidential channel, available 24/7 for reporting concerns in their own language, with the option to report anonymously where permitted by law. We have a zero-tolerance policy for retaliation, meaning that anyone who raises a concern or participates in an investigation in good faith is protected against retaliatory measures.

Governance disclosures continued

We provide information on our SpeakUp program via a dedicated intranet page, various communications during the year, and through instructions in our Annual Compliance Training program.

We have a zero-tolerance policy towards any form of bribery and corruption. Our global Anti-Bribery and Anti-Corruption Policy strictly prohibits offering, soliciting, giving, or receiving any bribes. We provide training to all our employees on bribery and corruption, as well as role-based training to specific groups. In addition, we regularly communicate our policies to our workforce. We also conduct an annual compliance risk assessment that includes bribery and corruption.

Our high standards of integrity and legal compliance also apply to business partners through our Supplier Code of Conduct. We conduct anti-bribery due diligence screening of our partners and suppliers. In 2023, we did not detect any violations of our Anti-Bribery and Anti-Corruption Policy.

Business conduct company-specific metrics

Methodologies and assumptions

The percentage of employees who completed the Annual Compliance Training is derived from data tracked by our global human resources platform. This metric is calculated based on the headcount at December 31.

The number of SpeakUp concerns is based on our global SpeakUp case management system.

Annual Compliance Training and SpeakUp concerns

	2023	2022	2021
% of employees who completed the Annual Compliance Training	99%	99%	99%
Number of SpeakUp concerns	47	25	21

We have a target that 98% of our employees should complete the Annual Compliance Training program, which includes cybersecurity, data privacy, and business ethics courses.

In 2023, the number of SpeakUp concerns increased because we included concerns raised through other channels such as local HR in our case management system, which we have not previously done. Also, continuous communication campaigns make employees more aware of the SpeakUp program. We reviewed all concerns received and took appropriate action. None of the concerns raised had a material impact on the company.

Employee engagement score

Corporate culture is one of the topics embedded in the employee engagement score. For the employee engagement score, see *Other own workforce company-specific metrics* on [page 121](#).

Reference table

The sustainability statements do not yet comply with all aspects of ESRS.

Section	ESRS Standard	Disclosure Requirement		Reference to sustainability statements	Reference to other chapters in 2023 Annual Report
General disclosures	General disclosures (ESRS 2)	BP-1	General basis for preparation	Page 91	
		BP-2	Disclosures in relation to specific circumstances	Page 91	
		GOV-1	Role of the Executive Board and Supervisory Board	Page 92	<i>Executive Board and Supervisory Board on page 61. Executive Board on page 44 and Supervisory Board on page 45 in Corporate governance.</i>
		GOV-2	Information provided to and sustainability matters addressed by the Executive Board and Supervisory Board	Page 92	<i>Environmental, social, and governance matters in Corporate governance on page 48. Sustainability in Report of the Supervisory Board on page 66.</i>
		GOV-3	Integration of sustainability-related performance in incentive schemes	Page 92	<i>Key elements of our remuneration policy on page 73 and Payouts for performance against 2023 STIP targets on page 80 in Remuneration report.</i>
		GOV-4	Statement on due diligence	Page 93	
		GOV-5	Risk management and internal controls over sustainability reporting	Page 93	<i>Responsibility for risk management and Risk management process on page 50 and Internal Control Framework and Internal audit and risk management functions on page 51 in Risk management.</i>
		SBM-1	Strategy, business model, and value chain	Page 94	<i>Strategy and business model on page 7.</i>
		SBM-2	Interests and views of stakeholders	Page 94	
		SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	Page 95	
IRO-1	Description of the process to identify and assess material impacts, risks, and opportunities	Page 96			
IRO-2	Disclosure requirements covered by the sustainability statements	Page 97			
MDR-P	Policies adopted to manage material sustainability matters	Page 98			
MDR-A	Actions and resources in relation to material sustainability matters	Page 98			
MDR-M	Metrics in relation to material sustainability matters	Page 99			
MDR-T	Tracking effectiveness of policies and actions through targets	Page 99			

Reference table continued

Section	ESRS Standard	Disclosure Requirement	Reference to sustainability statements	Reference to other chapters in 2023 Annual Report	
Environmental disclosures	Climate change (ESRS E1)	GOV-3	Integration in incentive schemes	Page 100	<i>Key elements of our remuneration policy on page 73 and Payouts for performance against 2023 STIP targets on page 80 in Remuneration report.</i>
		E1-1	Transition plan for climate change mitigation	Page 100	
		SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	Page 101	
		IRO-1	Description of the processes to identify and assess material climate-related impacts, risks, and opportunities	Page 102	
		E1-2	Policies related to climate change migration and adaptation	Page 102	
		E1-3	Actions and resources in relation to climate change policies	Page 102	
		E1-4	Targets related to climate change mitigation and adaptation	Page 103	
		E1-5	Energy consumption and mix	Page 105	
		E1-6	Gross GHG emissions	Page 106	
		E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Page 112	
		Climate change company-specific metrics	Page 112		
Social disclosures	Own workforce (ESRS S1)	SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	Page 113	<i>Key elements of our remuneration policy on page 73 and Payouts for performance against 2023 STIP targets on page 80 in Remuneration report.</i>
		S1-1	Policies related to own workforce	Page 113	
		S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Page 114	
		S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Page 114	
		S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of actions	Page 114	
		S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 116	
		S1-6	Characteristics of our employees	Page 116	
		S1-7	Characteristics of non-employee workers in our own workforce	Page 118	
		S1-9	Diversity metrics	Page 118	

Reference table continued

<i>Section</i>	<i>ESRS Standard</i>	<i>Disclosure Requirement</i>	<i>Reference to sustainability statements</i>	<i>Reference to other chapters in 2023 Annual Report</i>
		S1-12 Persons with disabilities	Page 119	
		S1-13 Training and skills development metrics	Page 119	
		S1-15 Work-life balance metrics	Page 120	
		S1-16 Remuneration metrics	Page 120	
		S1-17 Incidents, complaints, and severe human rights impacts	Page 121	
		Other own workforce company-specific metrics	Page 121	
	Workers in the value chain (ESRS S2)	SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Page 122	
		S2-1 Policies related to value chain workers	Page 122	
		S2-2 Processes for engaging with value chain workers about impacts	Page 122	
		S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Page 122	
		S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of actions	Page 122	
		S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 123	
	Consumers and end users (ESRS S4)	SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Page 123	
		S4-1 Policies related to consumers and end users	Page 123	
		S4-2 Processes for engaging with consumers and end-users about impacts	Page 124	
		S4-3 Processes to remediate negative impacts and channels for customers and end-users to raise concerns	Page 124	
		S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of actions	Page 124	
		S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 124	
Governance disclosures	Business conduct (ESRS G1)	G1-1 Business conduct policies and corporate culture	Page 125	
		Business conduct company-specific metrics	Page 126	

List of data points that derive from other EU legislation

Section	ESRS Standard	Data point that derives from other EU legislation	Reference to sustainability statements		
General disclosures	General disclosures (ESRS 2)	GOV-1 Board's gender diversity	Page 92		
		GOV-1 Percentage of board members who are independent	Page 92		
		GOV-4 Statement on due diligence	Page 93		
		SBM-1 Involvement in activities related to fossil fuel activities	Not material to us.		
		SBM-1 Involvement in activities related to chemical production	Not material to us.		
		SBM-1 Involvement in activities related to controversial weapons	Not material to us.		
		SBM-1 Involvement in activities related to cultivation and production of tobacco	Not material to us.		
Environmental disclosures	Climate change (E1)	E1-1 Transition plan to reach climate neutrality by 2050	Page 100		
		E1-1 Undertakings excluded from Paris-aligned Benchmarks	Page 100		
		E1-4 GHG emission reduction targets	Page 103		
		E1-5 Energy consumption from fossil sources disaggregated by sources for high climate impact sectors	Not material to us.		
		E1-5 Energy consumption and mix	Page 105		
		E1-5 Energy intensity associated with activities in high climate impact sectors	Not material to us.		
		E1-6 Gross scope 1, 2, 3, and total GHG emissions	Page 106		
		E1-6 Gross GHG emissions intensity	Page 107		
		E1-7 GHG removals and carbon credits	Page 112		
		E1-9 Exposure of the benchmark portfolio to climate-related physical risks	We are not yet able to report this datapoint.		
		E1-9 Disaggregation of monetary amounts by acute and chronic physical risk	We are not yet able to report this datapoint.		
		E1-9 Location of significant assets at material physical risk	We are not yet able to report this datapoint.		
		E1-9 Breakdown of the carrying value of real estate assets by energy-efficiency classes	We are not yet able to report this datapoint.		
		E1-9 Degree of exposure of the portfolio to climate-related opportunities	We are not yet able to report this datapoint.		
			Pollution (E2)	E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil	Not material to us.
			Water and marine resources (E3)	E3-1 Water and marine resources	Not material to us.
	E3-1 Dedicated policy	Not material to us.			
	E3-1 Sustainable oceans and seas	Not material to us.			
	E3-4 Total water recycled and reused	Not material to us.			
	E3-4 Total water consumption in m3 per net revenue on own operations	Not material to us.			

List of data points that derive from other EU legislation continued

Section	ESRS Standard	Data point that derives from other EU legislation	Reference to sustainability statements
	Biodiversity and ecosystems (E4)	IRO-1 List of material sites and biodiversity-sensitive areas	Not material to us.
		IRO-1 Material negative impacts with regards to land degradation, desertification, or soil sealing	Not material to us.
		IRO-1 Operations affecting threatened species	Not material to us.
		E4-2 Sustainable land and agriculture practices or policies	Not material to us.
		E4-2 Sustainable oceans and seas practices or policies	Not material to us.
		E4-2 Policies to address deforestation	Not material to us.
	Recourse use and circular economy (E5)	E5-5 Non-recycled waste	Not material to us.
		E5-5 Hazardous waste and radioactive waste	Not material to us.
Social disclosures	Own workforce (S1)	SBM-3 Risk of incidents of forced labor	Not material to us.
		SBM-3 Risk of incidents of child labor	Not material to us.
		S1-1 Human rights policy commitments	Page 113
		S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Page 114
		S1-1 Processes and measures for preventing trafficking in human beings	Page 114
		S1-1 Workplace accident prevention policy or management system	Not material to us.
		S1-3 Grievance and complaints handling mechanisms	Page 114
		S1-14 Number of fatalities and number and rate of work-related accidents	Not material to us.
		S1-14 Number of days lost to injuries, accidents, fatalities, or illness	Not material to us.
		S1-16 Unadjusted gender pay gap	We are not yet able to report this datapoint.
		S1-16 Excessive CEO pay ratio	We are not yet able to report this datapoint under S1-16 stipulations. Similar as in prior years, we disclosed the CEO pay-ratio following the Principles and Best Practices of the Dutch Corporate Governance Code (see page 120).
	Workers in the value chain (S2)	S1-17 Incidents of discrimination	We are not yet able to report this datapoint under S1-17 stipulations. We disclosed the number of opened investigations on incidents affecting our employees in the U.S. and Canada (see page 121).
		S1-17 Non-respect of U.N. Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines	Page 121
		SBM-3 Significant risk of child labor or forced labor in the value chain	Page 122

List of data points that derive from other EU legislation continued

<i>Section</i>	<i>ESRS Standard</i>	<i>Data point that derives from other EU legislation</i>	<i>Reference to sustainability statements</i>
		S2-1 Human rights policy commitments	Page 122
		S2-1 Policies related to value chain workers	Page 122
		S2-1 Non-respect of U.N. Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines	Page 122
		S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Page 122
		S2-4 Human rights issues and incidents connected to upstream and downstream value chain	Page 122
	Affected communities (S3)	S3-1 Human rights policy commitments	Not material to us.
		S3-1 Non-respect of U.N. Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines	Not material to us.
		S3-4 Human rights issues and incidents	Not material to us.
	Consumers and end-users (S4)	S4-1 Policies related to consumers and end-users	Page 123
		S4-1 Non-respect of U.N. Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines	Page 123
		S4-4 Human rights issues and incidents	Not material to us.
Governance disclosures	Business conduct (G1)	G1-1 United Nations Convention against Corruption	Not material to us.
		G1-1 Protection of whistleblowers	Not material to us.
		G1-4 Fines for violation of anti-corruption and anti-bribery laws	Not material to us.
		G1-4 Standards of anti-corruption and anti-bribery	Not material to us.

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD elements	Recommended disclosures	Reference in this report
Governance	Board's oversight of climate-related risks and opportunities	<i>Responsibility for risk management</i> in <i>Risk management</i> of <i>Governance</i> <i>Executive Board</i> in <i>Corporate governance</i> of <i>Governance</i> <i>Supervisory Board</i> in <i>Corporate governance</i> of <i>Governance</i>
	Management's role in assessing and managing climate-related risks and opportunities	<i>Risk management process</i> in <i>Risk management</i> of <i>Governance</i> <i>Executive Board</i> in <i>Corporate governance</i> of <i>Governance</i>
Strategy	Description of climate-related risks and opportunities	<i>Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i>
	Impact of climate-related risks on the company's businesses, strategy, and financial planning	<i>Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i>
	Resilience of the company's strategy	<i>Description of the processes to identify and assess material climate-related impacts, risks, and opportunities (IRO-1)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i>
Risk management	The company's processes for identifying and assessing climate-related risks	<i>Risk management process</i> in <i>Risk management</i> of <i>Governance</i> <i>Description of the processes to identify and assess material climate-related impacts, risks, and opportunities (IRO-1)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i>
	The company's processes for managing climate-related risks	<i>Policies related to climate change migration and adaptation (E1-2)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i> <i>Actions and resources in relation to climate change policies (E1-3)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i>
	Integration of processes for identifying, assessing, and managing climate-related risks into the company's overall risk management system	<i>Risk management process</i> in <i>Risk management</i> of <i>Governance</i> <i>Description of the process to identify and assess material impacts, risks, and opportunities (IRO-1)</i> in <i>General disclosures</i> of <i>Sustainability statements</i>
Metrics and targets	Targets used to manage climate-related opportunities and risks against performance against targets	<i>Targets related to climate change mitigation and adaptation (E1-4)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i>
	Metrics used to assess climate-related risks and opportunities	<i>Energy consumption and mix (E1-5), Gross GHG emissions (E1-6), and GHG removals and GHG mitigation projects financed through carbon credits (E1-7)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i>
	Disclosure of scope 1, scope 2, and scope 3 GHG emissions	<i>Gross GHG emissions (E1-6)</i> in <i>Environmental disclosures</i> of <i>Sustainability statements</i>

EU Taxonomy

The EU Taxonomy is a classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050, and the broader environmental goals other than climate. The EU Taxonomy helps direct investments to the economic activities most needed for the transition, in line with the European Green Deal objectives.

Assessment of compliance with the EU Taxonomy regulatory framework

Introduction

The EU Taxonomy regulatory framework (Taxonomy), as applicable for reporting in our 2023 Annual Report, includes:

- Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investments (Regulation);
- Delegated Act (EU) 2021/2139 (Climate Delegated Act);
- Delegated Act (EU) 2021/2178 (Disclosures Delegated Act);
- Delegated Act (EU) 2022/1214 (Complementary Climate Delegated Act); and
- Delegated Acts (EU) 2023/2485 (amending the Climate Delegated Act) and 2023/2486 (Environmental Delegated Act).

In 2023, we evaluated the impact of the newly adopted delegated acts. In addition, we re-evaluated our interpretations of the Regulation and the delegated acts that were adopted in prior years. We based our re-evaluation on the Frequently Asked Questions documents, as published by the European Commission on its EU Taxonomy Navigator portal. We also reviewed 2022 annual reports of other European-listed companies, with a focus on companies that sell digital products. Following this re-evaluation, we identified some economic activities that qualify as eligible, whereas in prior years we concluded that none of our economic activities qualified as eligible.

Nature of Taxonomy-eligible economic activities

We identified the following Taxonomy-eligible economic activities:

- Activity 6.5 – Transport by motorbikes, passenger cars, and light commercial vehicles;
- Activity 7.2 – Renovation of existing buildings;
- Activity 7.7 – Acquisition and ownership of buildings; and
- Activity 8.1 – Data processing, hosting, and related activities.

We concluded that these economic activities are solely eligible with respect to the environmental objective climate change mitigation. We did not identify any eligible economic activities with respect to the other five environmental objectives.

In 2023, none of the eligible activities qualified as aligned, nor as enabling or transitional activities. For further details, see *Assessment of Taxonomy alignment* on [page 137](#).

Activity 6.5 – Transport by motorbikes, passenger cars, and light commercial vehicles – eligibility

Among others, activity 6.5 consists of leasing of vehicles designed as category M1. Category M1 vehicles are vehicles for carriage of passengers, comprising not more than eight seats to the drivers. In some countries, certain employees are entitled to a lease car. We assumed that all lease cars driven by employees qualify as category M1 vehicles and as such we concluded that this activity applies to us.

Only the CapEx KPI is applicable to us for activity 6.5.

Activity 7.2 – Renovation of existing buildings – eligibility

Activity 7.2 consists of construction and civil engineering works or preparation thereof. In addition, the Taxonomy description refers to Nomenclature of Economic Activities (NACE) codes F41 and F43. NACE F41 relates to development and construction activities, which we do not conduct. NACE F43 relates to a wide scale of renovation activities, including electrical installations, floor and wall covering, painting, and roofing activities. Such activities can apply to us at our owned offices, existing leased offices, or newly leased offices. We note that renovation activities at leased offices are often conducted by landlords and not by us.

Only the CapEx KPI is applicable to us for activity 7.2.

EU Taxonomy continued

Activity 7.7 – Acquisition and ownership of buildings – eligibility

Activity 7.7 consists of buying real estate and exercising ownership of that real estate. In addition, the Taxonomy description refers to NACE code L68, which among others relate to rental and operating of own or leased real estate. This activity applies to us as we have owned and leased offices.

Only the CapEx KPI is applicable to us for activity 7.7.

Activity 8.1 – Data processing, hosting, and related activities – eligibility

Activity 8.1 consists of the storage, manipulation, management, movement, control, display, switching, interchange, transmission, or processing of data through data centers, including edge computing. We interpreted that hosting activities as offered to customers qualify under this description. Customers that purchase a cloud-based product get access to software that is licensed on a subscription basis and is centrally hosted by us or our suppliers. In case of on-premise products, hosting is mostly arranged by the customer itself. However, hosting is provided as a separate performance obligation to some customers of on-premise products.

Only the turnover KPI is applicable to us for this activity, as almost all hosting services are purchased by us from third parties.

Assessment of other economic activities

We assessed the potential eligibility of some other Taxonomy activities.

Activities 7.3, 7.4, 7.5, and 7.6 all relate to installation, maintenance, and repair of assets associated with office buildings that reduce energy consumption or increase the use of renewable energy. Although such assets may be present at our offices, we concluded that installation, maintenance, and repair are predominately conducted by landlords of our leased offices and not by us. Also, we did not conduct such activities at our owned offices in 2023 and 2022.

Activity 8.2 relates to data-driven solutions for GHG emission reductions. Through our Corporate Performance & ESG division, we offer comprehensive tools and expert guidance to help customers meet regulatory requirements, to support sustainability efforts, and to manage ESG risks efficiently. However, none of our ESG solutions directly enable GHG emission reductions. As such, we concluded that activity 8.2 does not apply to us.

Accounting policies and assumptions

Turnover

Total turnover, i.e., the denominator of the turnover KPI, is equal to revenues as reported in the consolidated statement of profit or loss. For accounting policies regarding the recognition of revenues, see *Note 6 – Revenues*.

Eligible revenues under activity 8.1, i.e., the numerator of the turnover KPI, relate to hosting offered by us to our customers. In case of a cloud-based product, hosting is not a distinct performance obligation but part of the SaaS performance obligation. In other words, hosting does not generate revenues independently. To calculate the numerator, we calculated the share of customer-related hosting costs as included in the sum of cost of revenues and research, development, and editorial costs and multiplied this ratio by total revenues. The same methodology was applied to hosting offered to customers purchasing an on-premise product, as we do not track such hosting revenues centrally.

Customer-related hosting costs are predominately reported as part of cost of revenues, which is a separate line in the consolidated statement of profit or loss. Research, development, and editorial costs are reported as part of general and administrative costs (see *Note 10 – General and administrative costs*).

The abovementioned calculations for eligible revenues were performed at a business unit level. Hence, the calculations cannot be reperformed based on amounts reported in the consolidated financial statements.

CapEx

Total CapEx, i.e., the denominator of the turnover KPI, is the sum of:

- Acquired through business combinations – acquired identifiable intangible assets;
- Investments – other intangible assets;
- Acquired through business combinations – other intangible assets;
- Investments – property, plant, and equipment;
- Acquired through business combinations – property, plant, and equipment;
- Additions from new leases – right-of-use assets;
- Acquired through business combinations – right-of-use assets; and
- Additions from contract modifications and reassessment of options – right-of-use assets.

EU Taxonomy continued

For the individual amounts reported in the consolidated financial statements and corresponding accounting policies, see *Note 17 – Goodwill and intangible assets other than goodwill*, *Note 18 – Property, plant, and equipment*, and *Note 19 – Leasing*.

Eligible CapEx, i.e., the numerator of the CapEx KPI, relates to the economic activities 6.5, 7.2, and 7.7.

Economic activity	Reporting in consolidated financial statements
Activity 6.5 – Transport by motorbikes, passenger cars, and light commercial vehicles	Eligible CapEx relates to lease car right-of-use assets and includes the line items 'additions from new leases', 'acquired through business combinations', and 'additions from contract modifications and reassessment of options'. Lease car right-of-use assets are a subset of other leases, hence the eligible CapEx cannot be reconciled to an amount in the consolidated financial statements. See <i>Note 19 – Leasing</i> .
Activity 7.2 – Renovation of existing buildings	Eligible CapEx relates to land and buildings and includes the line items 'investments' and 'acquired through business combinations'. See <i>Note 18 – Property, plant, and equipment</i> .
Activity 7.7 – Acquisition and ownership of buildings	Eligible CapEx relates to real estate right-of-use assets and includes the line items 'additions from new leases', 'acquired through business combinations', and 'additions from contract modifications and reassessment of options'. See <i>Note 19 – Leasing</i> .

OpEx

Total OpEx, i.e., the denominator of the OpEx KPI, is the sum of:

- Direct non-capitalized costs that relate to research and development;
- Building renovation measures;
- Short-term leases;
- Maintenance and repair; and
- Any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

The far majority of total OpEx originates from direct non-capitalized costs that relate to research and development. This OpEx is presented on the line item research, development, and editorial costs in the consolidated financial statements (see *Note 10 – General and administrative costs*). It is our interpretation that only costs from third-party suppliers should be considered in total OpEx, i.e., employee benefit expenses reported as research and development costs are excluded.

We do not have eligible OpEx for any economic activity, i.e., the numerator of the OpEx KPI amounts to nil.

Other contextual information on eligible activities

Turnover

Eligible turnover can be summarized as follows:

<i>in millions of euros, unless otherwise stated</i>	2023	% of total	2022 ¹	% of total
Eligible turnover – Data processing, hosting, and related activities (8.1)	393	7%	333	6%
Total turnover	5,584		5,453	

¹ Eligible turnover was restated, see *Assessment of compliance with the EU Taxonomy regulatory framework* on [page 134](#).

The increase in the eligible turnover percentage is predominately explained by an increase in the share of hosting costs as included in the sum of cost of revenues and research, development, and editorial costs.

CapEx

Eligible CapEx can be summarized as follows:

<i>in millions of euros, unless otherwise stated</i>	2023	% of total	2022 ¹	% of total
Activity 6.5 – Transport by motorbikes, passenger cars, and light commercial vehicles	10		9	
Activity 7.2 – Renovation of existing buildings	5		3	
Activity 7.7 – Acquisition and ownership of buildings	23		42	
Eligible CapEx	38	9%	54	13%
Total CapEx	410		425	

¹ Eligible CapEx was restated, see *Assessment of compliance with the EU Taxonomy regulatory framework* on [page 134](#).

EU Taxonomy continued

All reported eligible CapEx related to assets corresponding to Taxonomy-eligible economic activities, i.e., none of it is part of existing plans to expand Taxonomy-eligible economic activities or enables Taxonomy-eligible economic activities to become Taxonomy aligned.

Of the eligible CapEx, €0 million (2022: €2 million) was acquired through business combinations.

The decrease in eligible CapEx in 2023 is explained by lower additions to right-of-use assets from contract modifications and reassessment of options.

OpEx

Eligible OpEx can be summarized as follows:

in millions of euros, unless otherwise stated

	2023	2022
Eligible OpEx	–	–
Total OpEx	192	182

Assessment of Taxonomy alignment

General

A Taxonomy-aligned economic activity meets the applicable Taxonomy requirements to substantially contribute to at least one of the six environmental objectives, i.e., meets the prescribed technical screening criteria. In addition, a Taxonomy-aligned economic activity does no significant harm (DNSH) to any other objectives and meets the minimum safeguards.

Minimum safeguards are due diligence and remedy procedures to ensure alignment with the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, which we intend to assess in 2024.

Activity 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles – alignment

Until December 31, 2025, the technical screening criteria prescribe that the vehicle is a low or zero-emission vehicle. As from 2026, the technical screening criteria prescribe that the vehicle is a zero-emission vehicle. For the DNSH assessment, among others the reusability or recycling of the waste and tire noise should be assessed.

Currently, we do not have insight in this data for our lease cars and as such we cannot quantify the proportion of aligned CapEx.

Activity 7.2 – Renovation of existing buildings – alignment

The technical screening criteria for climate change mitigation prescribe that the building renovation either complies with the applicable requirements for major renovations or that the renovation leads to a reduction of primary energy demand of at least 30%. For the DNSH assessment, among others the reusability or recycling of construction and demolition waste should be assessed.

Generally, landlords of our leased offices conduct renovation activities that will reduce energy demand of an office. Our renovation activities largely focus on reorganizing the office space, carpeting, and painting. In some offices, we may invest in new led lighting or other energy-saving measures. We concluded that our eligible renovation activities in 2023 and 2022 did not meet the technical screening criteria and we expect that future eligible renovation activities will likely not meet the technical screening criteria either.

Activity 7.7 – Acquisition and ownership of buildings – alignment

The technical screening criteria prescribe that buildings that are built before December 31, 2020, have at least an Energy Performance Certificate class A, or are in the top 15% of the national or regional building stock expressed as operational primary energy demand. Buildings that are built after December 31, 2020, are required to meet numerous detailed requirements around primary energy demand, use of water, reusability or recycling of construction and demolition waste, and pollution of building components and materials. For the DNSH assessment, a climate risk and vulnerability assessment regarding climate change adaptation must have been performed.

For our eligible CapEx in 2023, all buildings were built before December 31, 2020, and none had an Energy Performance Certificate class A.

We intend to execute a climate risk and vulnerability assessment regarding climate change adaptation in 2024. As energy-efficiency is one of the selection criteria for new office leases, this may result in some aligned activities in future years.

Activity 8.1 – Data processing, hosting, and related activities – alignment

The technical screening criteria prescribe that all expected practices from the most recent version of the European Code of Conduct on Data Center Energy Efficiency are implemented, and that the global warming potential of refrigerants used in the data center cooling system does not exceed 675. For the DNSH assessment, among others the presence of restricted substances and the existence of a waste management plan should be assessed.

Currently, we do not have insight in this data as data centers are predominately operated by third-party suppliers and as such, we cannot quantify the proportion of aligned CapEx. We intend to connect with our largest data center suppliers on this topic in 2024, which potentially may result in some aligned activities in future years.

EU Taxonomy continued

Proportion of turnover associated with Taxonomy-eligible and Taxonomy-aligned economic activities

	2023		Substantial contribution criteria ¹						DNSH criteria (‘Do No Significant Harm’)						Proportion of Taxonomy-aligned (A.1) or eligible (A.2) turnover 2022	Category enabling activities	Category transitional activities	
	Codes	Turnover	Proportion of turnover 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy				Biodiversity
Economic activities	m€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling	-	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which transitional	-	0%	0%													0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																		
			EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Data processing, hosting, and related activities	8.1	393	7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							6%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	393	7%	7%	0%	0%	0%	0%	0%	0%							6%		
Turnover of Taxonomy-eligible activities (A.1+A.2)	393	7%	7%	0%	0%	0%	0%	0%	0%							6%		
B. Taxonomy-non-eligible activities																		
Turnover of Taxonomy-non-eligible activities	5,191	93%																
Total	5,584	100%																

¹ EL = Taxonomy-eligible activity; N/EL = Taxonomy-non-eligible activity.

EU Taxonomy continued

Proportion of CapEx associated with Taxonomy-eligible and Taxonomy-aligned economic activities

Economic activities	Codes	2023		Substantial contribution criteria ¹						DNSH criteria (‘Do No Significant Harm’)						Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx 2022	Category enabling activities	Category transitional activities
		CapEx	Proportion of CapEx 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity			
		m€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%							0%		
Of which enabling		-	0%	0%	0%	0%	0%	0%	0%							0%	E	
Of which transitional		-	0%	0%												0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																		
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	10	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							2%		
Renovation of existing buildings	7.2	5	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							1%		
Acquisition and ownership of buildings	7.7	23	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							10%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		38	9%													13%		
CapEx of Taxonomy-eligible activities (A.1+A.2)		38	9%													13%		
B. Taxonomy-non-eligible activities																		
CapEx of Taxonomy-non-eligible activities		372	91%															
Total		410	100%															

¹ EL = Taxonomy-eligible activity; N/EL = Taxonomy-non-eligible activity.

EU Taxonomy continued

Proportion of OpEx associated with Taxonomy-eligible and Taxonomy-aligned economic activities

	2023		Substantial contribution criteria ¹						DNSH criteria (‘Do No Significant Harm’)						Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx 2022	Category enabling activities	Category transitional activities	
	Codes	OpEx	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				Minimum safeguards
Economic activities			Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		E	T
	m€	%														%		
A. Taxonomy-eligible activities																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling	-	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which transitional	-	0%	0%													0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																		
			EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	-	0%														0%		
OpEx of Taxonomy-eligible activities (A.1+A.2)	0	0%														0%		
B. Taxonomy-non-eligible activities																		
OpEx of Taxonomy-non-eligible activities	192	100%																
Total	192	100%																

¹ EL = Taxonomy-eligible activity; N/EL = Taxonomy-non-eligible activity.

Financial statements

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Consolidated statement of profit or loss

in millions of euros, unless otherwise stated,
for the year ended December 31

		2023	2022
Revenues	Note 5/6	5,584	5,453
Cost of revenues	Note 5	(1,576)	(1,578)
Gross profit	Note 5	4,008	3,875
Sales costs	Note 9	(929)	(914)
General and administrative costs	Note 10	(1,749)	(1,697)
Total operating expenses	Note 5	(2,678)	(2,611)
Other gains and (losses)	Note 11	(7)	69
Operating profit	Note 5	1,323	1,333
Financing income		55	21
Financing costs		(82)	(77)
Other finance income and (costs)		0	(1)
Total financing results	Note 14	(27)	(57)
Share of profit of equity-accounted associates, net of tax	Note 20	1	0
Profit before tax		1,297	1,276
Income tax expense	Note 15	(290)	(249)
Profit for the year		1,007	1,027
Attributable to:			
– Owners of the company		1,007	1,027
– Non-controlling interests	Note 16	0	0
Profit for the year		1,007	1,027
Earnings per share (EPS) (€)			
Basic EPS	Note 7	4.11	4.03
Diluted EPS	Note 7	4.09	4.01

Consolidated statement of comprehensive income

in millions of euros,
for the year ended December 31

		2023	2022
Comprehensive income			
Profit for the year		1,007	1,027
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss:</i>			
Exchange differences on translation of foreign operations		(126)	231
Exchange differences on translation of equity-accounted associates	Note 20	(1)	1
Recycling of foreign exchange differences on loss of control	Note 8	–	1
Gains/(losses) on hedges of net investments in foreign operations		3	(17)
Gains/(losses) on cash flow hedges		(22)	18
Net change in fair value of cash flow hedges reclassified to the consolidated statement of profit or loss	Note 14	15	11
<i>Items that will not be reclassified to the consolidated statement of profit or loss:</i>			
Remeasurement gains/(losses) on defined benefit plans	Note 30	(1)	18
Other comprehensive income/(loss) for the year, before tax		(132)	263
Income tax on items that are or may be reclassified subsequently to the consolidated statement of profit or loss		0	4
Income tax on items that will not be reclassified to the consolidated statement of profit or loss		0	(5)
Income tax on other comprehensive income	Note 22	0	(1)
Other comprehensive income/(loss) for the year		(132)	262
Total comprehensive income for the year		875	1,289
Attributable to:			
– Owners of the company		875	1,289
– Non-controlling interests		0	0
Total comprehensive income for the year		875	1,289

Consolidated statement of cash flows

<i>in millions of euros, for the year ended December 31</i>	2023	2022
Cash flows from operating activities		
Profit for the year	1,007	1,027
<i>Adjustments for:</i>		
Income tax expense <i>Note 15</i>	290	249
Share of profit of equity-accounted associates, net of tax <i>Note 20</i>	(1)	0
Financing results <i>Note 14</i>	27	57
Amortization, impairment, and depreciation <i>Note 13</i>	445	466
Book (profit)/loss on disposal of operations and non-current assets	(4)	(84)
Fair value changes of contingent considerations <i>Note 11/29</i>	0	0
Additions to and releases from provisions <i>Note 31</i>	12	5
Appropriation of provisions <i>Note 31</i>	(10)	(15)
Changes in employee benefit provisions	(7)	11
Share-based payments <i>Note 12/33</i>	31	28
Other adjustments	8	3
Adjustments excluding autonomous movements in working capital	791	720
Inventories	(7)	(11)
Contract assets <i>Note 24</i>	(15)	(5)
Trade and other receivables	19	96
Deferred income <i>Note 24</i>	80	73
Other contract liabilities <i>Note 24</i>	0	4
Trade and other payables	21	24
Assets/liabilities classified as held for sale	–	(3)
Autonomous movements in working capital	98	178
Total adjustments	889	898
Net cash flows from operations	1,896	1,925
Interest paid (including the interest portion of lease payments)	(84)	(70)
Interest received	58	16
Paid income tax <i>Note 22</i>	(325)	(289)
Net cash from operating activities	1,545	1,582

<i>in millions of euros, for the year ended December 31</i>	2023	2022
Cash flows from investing activities		
Capital expenditure <i>Note 17/18</i>	(324)	(295)
Proceeds from disposal of other intangible assets and property, plant, and equipment	1	0
Acquisition spending, net of cash acquired <i>Note 8</i>	(61)	(92)
Receipts from divestments, net of cash disposed <i>Note 8</i>	8	106
Dividends received	0	0
Cash used for settlement of net investment hedges	2	(18)
Net cash used in investing activities	(374)	(299)
Cash flows from financing activities		
Repayment of loans	(926)	(126)
Proceeds from new loans	977	631
Repayment of principal portion of lease liabilities <i>Note 19</i>	(65)	(72)
Repurchased shares <i>Note 32</i>	(1,000)	(1,000)
Dividends paid <i>Note 32</i>	(467)	(424)
Net cash used in financing activities	(1,481)	(991)
Net cash flows before effect of exchange differences	(310)	292
Exchange differences on cash and cash equivalents and bank overdrafts	(31)	44
Net change in cash and cash equivalents and bank overdrafts	(341)	336
Cash and cash equivalents less bank overdrafts at January 1	1,330	994
Cash and cash equivalents less bank overdrafts at December 31 <i>Note 26</i>	989	1,330
Add: Bank overdrafts at December 31 <i>Note 26</i>	146	16
Cash and cash equivalents in the consolidated statement of financial position at December 31 <i>Note 26</i>	1,135	1,346

Consolidated statement of financial position

in millions of euros, at December 31

		2023	2022
Non-current assets			
Goodwill	Note 17	4,322	4,394
Intangible assets other than goodwill	Note 17	1,598	1,648
Property, plant, and equipment	Note 18	79	79
Right-of-use assets	Note 19	241	283
Investments in equity-accounted associates	Note 20	11	11
Financial assets	Note 21	6	23
Non-current other receivables	Note 25	14	16
Non-current contract assets	Note 24	18	17
Deferred tax assets	Note 22	51	62
Total non-current assets		6,340	6,533
Current assets			
Inventories	Note 23	84	79
Contract assets	Note 24	160	153
Trade receivables	Note 24	1,087	1,088
Other receivables	Note 25	202	250
Current income tax assets	Note 22	86	61
Cash and cash equivalents	Note 26/28	1,135	1,346
Total current assets		2,754	2,977
Total assets		9,094	9,510

in millions of euros, at December 31

		2023	2022
Equity			
Issued share capital	Note 32	30	31
Share premium reserve		87	87
Legal reserves		328	466
Treasury shares		(734)	(735)
Retained earnings		2,038	2,461
Equity attributable to the owners of the company	Note 46	1,749	2,310
Non-controlling interests	Note 16	0	0
Total equity		1,749	2,310
Non-current liabilities			
Bonds		2,723	2,426
Private placements		127	142
Lease liabilities		209	244
Other long-term debt		27	18
Total long-term debt	Note 28	3,086	2,830
Deferred tax liabilities	Note 22	281	299
Employee benefits	Note 30	81	85
Provisions	Note 31	5	5
Non-current deferred income	Note 24	102	112
Total non-current liabilities		3,555	3,331
Current liabilities			
Deferred income	Note 24	1,899	1,858
Other contract liabilities	Note 24	86	88
Trade and other payables	Note 27	997	990
Current income tax liabilities	Note 22	128	129
Short-term provisions	Note 31	21	19
Borrowings and bank overdrafts	Note 28	196	16
Short-term bonds	Note 28	400	700
Short-term lease liabilities	Note 28	63	69
Total current liabilities		3,790	3,869
Total liabilities		7,345	7,200
Total equity and liabilities		9,094	9,510

Consolidated statement of changes in total equity

			Legal reserves			Other reserves		Shareholders' equity	Non-controlling interests	Total equity
	Issued share capital	Share premium reserve	Legal reserve participations	Hedge reserve	Translation reserve	Treasury shares	Retained earnings			
<i>in millions of euros</i>										
Balance at January 1, 2022	32	87	118	(122)	219	(247)	2,330	2,417	0	2,417
Profit for the year							1,027	1,027	0	1,027
Other comprehensive income/(loss) for the year				16	233		13	262	0	262
Total comprehensive income for the year				16	233		1,040	1,289	0	1,289
<i>Transactions with owners of the company, recognized directly in equity:</i>										
Share-based payments							28	28		28
Cancelation of shares	(1)					451	(450)	0		0
Release LTIP shares						61	(61)	0		0
Final cash dividend 2021							(264)	(264)	0	(264)
Interim cash dividend 2022							(160)	(160)		(160)
Repurchased shares						(1,000)		(1,000)		(1,000)
Other movements			2		0		(2)	0		0
Balance at December 31, 2022	31	87	120	(106)	452	(735)	2,461	2,310	0	2,310
Balance at January 1, 2023	31	87	120	(106)	452	(735)	2,461	2,310	0	2,310
Profit for the year							1,007	1,007	0	1,007
Other comprehensive income/(loss) for the year				(4)	(127)		(1)	(132)	0	(132)
Total comprehensive income for the year				(4)	(127)		1,006	875	0	875
<i>Transactions with owners of the company, recognized directly in equity:</i>										
Share-based payments							31	31		31
Cancelation of shares	(1)					947	(946)	0		0
Release LTIP shares						54	(54)	0		0
Final cash dividend 2022							(291)	(291)	0	(291)
Interim cash dividend 2023							(176)	(176)		(176)
Repurchased shares						(1,000)		(1,000)		(1,000)
Other movements			(7)				7	0		0
Balance at December 31, 2023	30	87	113	(110)	325	(734)	2,038	1,749	0	1,749

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 provider of information, software solutions, and services for professionals in the health, tax and accounting, financial and corporate compliance, legal and regulatory, and corporate performance and ESG sectors. 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.

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, Euronext 100, and EURO STOXX 50 indices, among others.

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, 2023, 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 20, 2024. 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 May 8, 2024.

Consolidated financial statements

The consolidated financial statements of the company at and for the year ended December 31, 2023, comprise the group and the group’s interest in associates. The material accounting policy information applied in the preparation of these consolidated financial statements is set out in *Note 2 – Material accounting policy information* 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 38 – 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;
- Share-based payments; and
- Net defined employee benefit assets/liabilities.

Presentation currency

The consolidated financial statements are presented in euros and rounded to the nearest million, unless otherwise indicated.

Use of estimates and judgments

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

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 give rise to doubt about the ability of the group to continue in operation for 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 developments in liquidity and capital, which includes the evaluation of current credit facilities available, contractual and expected maturities of financial liabilities, and 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 – Material accounting policy information* and the relevant respective notes to the consolidated financial statements to all periods presented in these financial statements.

Notes to the consolidated financial statements continued

Note 1 – General and basis of preparation continued

The group has applied the following amendments for the first time for the annual reporting period commencing January 1, 2023:

- Insurance contracts (amendments to IFRS 17);
- 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); and
- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12).

The amendments to IAS 1 and IFRS Practice Statement 2 have had an impact on the disclosure of accounting policy information in the financial statements, whereby any accounting policy information not considered material in terms of the amended standards is no longer disclosed.

Following the amendments to IAS 12 relating to the deferred tax assets and liabilities arising from a single transaction, the group has recognized gross deferred tax assets and liabilities where needed. However, these are offset in line with the netting requirements of IAS 12.

The amendments to IAS 12 relating to Pillar Two Model Rules have not had any material impact on the amounts reported or disclosed in these financial statements. For more information, refer to *Note 15 – Income tax expense*.

The application of the other abovementioned amendments has not had any material impact on the amounts reported or disclosed in these financial statements.

Effect of forthcoming accounting standards

The following forthcoming amendments are not yet effective for the year ended December 31, 2023, and have not been early adopted in preparing these financial statements:

- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28);
- Classification of liabilities as current or non-current (amendments to IAS 1);
- Non-current liabilities with covenants (amendments to IAS 1);
- Supplier finance arrangements (amendments to IAS 7 and IFRS 7); and
- Lease liability in a sale and leaseback (amendments to IFRS 16).

If supplier finance arrangements exist, as defined per the amended IAS 7 and IFRS 7, this will only result in presentation changes in the consolidated statements of cash flows and financial position, apart from other qualitative disclosures in the notes to the consolidated financial statements. The group has no material supplier financing arrangements, and expects no significant impact from the other abovementioned amendments.

Comparatives

Change in organizational structure

In March 2023, a new division, Corporate Performance & ESG, was formed by bringing together four global enterprise software businesses previously part of other divisions. This strategic step was taken to position the group to meet the growing demand from corporations and banks for integrated financial, operational, and ESG performance management and reporting solutions.

This new division consists of the following businesses:

- CCH Tagetik (previously in Tax & Accounting);
- Enablon (previously in Legal & Regulatory);
- Finance, Risk & Reporting (previously in Governance, Risk & Compliance (GRC), renamed Financial & Corporate Compliance); and
- TeamMate (previously in Tax & Accounting).

In addition to the creation of the new division, the Enterprise Legal Management business was transferred from the GRC division to the Legal & Regulatory division. The GRC division was renamed Financial & Corporate Compliance to reflect its new business focus.

There are five operating segments effective January 1, 2023:

- Health;
- Tax & Accounting;
- Financial & Corporate Compliance;
- Legal & Regulatory; and
- Corporate Performance & ESG.

The change in the organizational structure also changed the composition of the groups of cash-generating units to which goodwill has been allocated. Therefore, the goodwill has been reallocated to the groups of cash generating units affected based on the relative value approach. The reallocation of goodwill is as follows:

<i>groups of cash-generating units</i>	Allocated goodwill in 2022	Reallocation of goodwill	Pro-forma goodwill in 2022	Allocated goodwill in 2023
Health Learning, Research & Practice	567	(567)		
Clinical Solutions (Health)	557	(557)		
Health		1,124	1,124	1,111
Tax & Accounting Americas and Asia Pacific	1,131	(1,131)		
Tax & Accounting Europe	411	(411)		
Tax & Accounting		1,213	1,213	1,188
Financial & Corporate Compliance	1,122	(102)	1,020	987
Legal & Regulatory	606	(37)	569	573
Corporate Performance & ESG		468	468	463
Total	4,394	0	4,394	4,322

Notes to the consolidated financial statements continued

Note 1 – General and basis of preparation continued

Refer to *Note 5 – Segment reporting*, *Note 6 – Revenues*, and *Note 17 – Goodwill and intangible assets other than goodwill* for more information.

Other comparatives

Comparative figures in *Note 12 – Employee benefit expenses* are restated as temporary staff and contractors are no longer considered part of employee benefit expenses.

Certain other immaterial reclassifications are made to certain notes to conform to the current year presentation and to improve insights. These reclassifications have had no impact on the comparative shareholders' equity or comparative profit for the year.

Note 2 – Material accounting policy information

Except for the changes explained in *Note 1 – General and basis of preparation*, the group has consistently applied the material 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

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, 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 associate or as a financial asset at fair value through profit or loss or other comprehensive income (OCI), depending on the level of influence retained.

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.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the group entities using the exchange rates prevailing at the transaction dates. 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 rates at the transaction dates. 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 transaction dates. 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 associates 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

<i>rates to the euro</i>	2023	2022
U.S. dollar (average)	1.08	1.05
U.S. dollar (at December 31)	1.11	1.07

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, bank overdrafts are presented separately as the offsetting criteria are not met.

Notes to the consolidated financial statements continued

Note 2 – Material accounting policy information continued

Cash flows from operating activities

Cash flows from operating activities are calculated using the indirect method by adjusting the consolidated profit for the year for items that are not cash flows and for autonomous movements in 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, the 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.

Cash flows from investing activities

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

Dividends received are receipts from equity-accounted associates 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, repayments of the principal portion of lease liabilities, and dividends paid. Dividends paid are to the owners of the company and the non-controlling interests.

Financial instruments

Financial instruments comprise the following:

- Non-derivative financial assets and liabilities: financial assets 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: cross-currency interest rate swaps, net investment hedges, and currency forwards.

The group recognizes non-derivative financial assets and liabilities on the trade date.

Note 3 – Accounting estimates and judgments

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

The impact of climate-related matters was considered while preparing the financial statements, with a focus on the potential financial impact on estimates and judgments related to the impairment of non-financial assets. Hereby management considered the outcome of an initial double materiality assessment and the group's emission reduction targets and associated abatement plans. Management concluded that the financial impact of climate-related matters on estimates and judgments is not material.

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 could have an effect on the financial statements and estimates with the risk of a 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 15* and *Note 22*); and
- Valuation, measurement, and impairment testing of goodwill and intangible assets other than goodwill (see *Note 8* and *Note 17*).

Management believes that these risks are adequately covered in its estimates and judgments.

Notes to the consolidated financial statements continued

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.

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 11 – Other gains and (losses)*.

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 are included in other gains and losses in the consolidated statement of profit or loss.

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 are included in other gains and losses in the consolidated statement of profit or loss.

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 are included in other gains and losses in the consolidated statement of profit or loss.

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 are included in other gains and losses in the consolidated statement of profit or loss.

Other non-benchmark items

Other 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 14 – Financing results*.

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

This includes 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 includes the income 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.

Other non-benchmark items – Return on invested capital (ROIC)

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

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.

Notes to the consolidated financial statements continued

Note 4 – Benchmark figures continued

Benchmark figures

<i>in millions of euros, unless otherwise stated</i>	2023	2022	Change in actual currencies (%)	Change in constant currencies (%) [*]
Revenues	5,584	5,453	2	5
Organic revenue growth (%)	6	6		
Adjusted operating profit	1,476	1,424	4	6
Adjusted operating profit margin (%)	26.4	26.1		
Adjusted net profit	1,119	1,059	6	7
Adjusted net financing costs	Note 14 (27)	(56)	(51)	(36)
Adjusted free cash flow	1,164	1,220	(5)	(2)
Cash conversion ratio (%)	100	107		
Return on invested capital (ROIC) (%)	16.8	15.5		
Net debt	Note 28 2,612	2,253	16	
Net-debt-to-EBITDA ratio	1.5	1.3		
Diluted adjusted EPS (€)	4.55	4.14	10	
Diluted adjusted EPS in constant currencies (€) [*]	4.66	4.17		12
Diluted adjusted free cash flow per share (€)	4.73	4.77	0	3

^{*} Constant currencies at €/\$ 1.05.

Revenue bridge

	€ million	%
Revenues 2022	5,453	
Organic change	310	6
Acquisitions	20	0
Divestments	(76)	(1)
Currency impact	(123)	(3)
Revenues 2023	5,584	2

Reconciliation between operating profit and adjusted operating profit

	2023	2022
Operating profit	1,323	1,333
Amortization and impairment of acquired identifiable intangible assets	Note 13 146	160
Non-benchmark items in operating profit	Note 11 7	(69)
Adjusted operating profit	1,476	1,424

Reconciliation between total financing results and adjusted net financing costs

	2023	2022
Total financing results	Note 14 (27)	(57)
Non-benchmark items in total financing results	Note 14 0	1
Adjusted net financing costs	(27)	(56)

Reconciliation between profit for the year and adjusted net profit

	2023	2022
Profit for the year attributable to the owners of the company (A)	1,007	1,027
Amortization and impairment of acquired identifiable intangible assets	146	160
Tax benefits on amortization and impairment of acquired identifiable intangible assets	(37)	(41)
Non-benchmark items, net of tax	3	(87)
Adjusted net profit (B)	1,119	1,059

Summary of non-benchmark items

	2023	2022
<i>Included in operating profit:</i>		
Other gains and (losses)	Note 11 (7)	69
<i>Included in total financing results:</i>		
Other finance income and (costs)	Note 14 0	(1)
Total non-benchmark items before tax	(7)	68
Tax benefits/(charges) on non-benchmark items	4	19
Impact of changes in tax rates	Note 15 0	0
Non-benchmark items, net of tax	(3)	87

Notes to the consolidated financial statements continued

Note 4 – Benchmark figures continued

Reconciliation between net cash from operating activities and adjusted free cash flow

	2023	2022
Net cash from operating activities	1,545	1,582
Net capital expenditure	(323)	(295)
Repayment of principal portion of lease liabilities	(65)	(72)
Paid acquisition-related costs	Note 8	7
Paid divestment expenses	Note 8	0
Dividends received	0	0
Income tax paid/(received) on divested assets and consolidation of platform technology	0	(1)
Adjusted free cash flow (C)	1,164	1,220

Return on invested capital (ROIC)

<i>in millions of euros, unless otherwise stated</i>	2023	2022
Adjusted operating profit	1,476	1,424
Allocated tax	(338)	(322)
Net operating profit after allocated tax (NOPAT)	1,138	1,102
Average invested capital	6,780	7,120
ROIC (NOPAT/Average invested capital) (%)	16.8	15.5

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

Per share information

<i>in euro, unless otherwise stated</i>	2023	2022	
Total number of ordinary shares outstanding at December 31 <i>(in millions of shares)</i>	Note 32	240.5	248.7
Weighted-average number of ordinary shares (D) <i>(in millions of shares)</i>	Note 7	244.9	254.7
Diluted weighted-average number of ordinary shares (E) <i>(in millions of shares)</i>	Note 7	246.0	255.8
Adjusted EPS (B/D)		4.57	4.16
Diluted adjusted EPS (B/E)		4.55	4.14
Diluted adjusted EPS in constant currencies		4.66	4.17
Basic EPS (A/D)	Note 7	4.11	4.03
Diluted EPS (A/E)	Note 7	4.09	4.01
Adjusted free cash flow per share (C/D)		4.75	4.79
Diluted adjusted free cash flow per share (C/E)		4.73	4.77

Benchmark tax rate

<i>in millions of euros, unless otherwise stated</i>	2023	2022	
Income tax expense	Note 15	290	249
Tax benefits on amortization and impairment of acquired identifiable intangible assets		37	41
Tax benefits/(charges) on non-benchmark items		4	19
Impact of changes in tax rates		0	0
Tax on adjusted profit (F)		331	309
Adjusted net profit (B)		1,119	1,059
Adjustment for non-controlling interests		0	0
Adjusted profit before tax (G)		1,450	1,368
Benchmark tax rate (F/G) (%)		22.9	22.6

Notes to the consolidated financial statements continued

Note 4 – Benchmark figures continued

Cash conversion ratio

<i>in millions of euros, unless otherwise stated</i>		2023	2022
Operating profit		1,323	1,333
Amortization, impairment, and depreciation	Note 13	445	466
EBITDA		1,768	1,799
Non-benchmark items in operating profit	Note 11	7	(69)
Adjusted EBITDA		1,775	1,730
Autonomous movements in working capital		98	178
Net capital expenditure		(323)	(295)
Book (profit)/loss on sale of non-current assets		0	(4)
Repayment of principal portion of lease liabilities	Note 19	(65)	(72)
Interest portion of lease payments	Note 19	(9)	(9)
Adjusted operating cash flow (H)		1,476	1,528
Adjusted operating profit (I)		1,476	1,424
Cash conversion ratio (H/I) (%)		100	107

Notes to the consolidated financial statements continued

Note 5 – Segment reporting

in millions of euros, unless otherwise stated

<i>reporting by segment</i>	Health		Tax & Accounting		Financial & Corporate Compliance		Legal & Regulatory		Corporate Performance & ESG		Corporate**		Total	
	2023	2022	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022	2023	2022
Revenues from contracts with third parties	1,508	1,448	1,466	1,394	1,052	1,056	875	916	683	639	–	–	5,584	5,453
Cost of revenues	(460)	(444)	(399)	(378)	(247)	(269)	(257)	(282)	(213)	(205)	–	–	(1,576)	(1,578)
Gross profit	1,048	1,004	1,067	1,016	805	787	618	634	470	434	0	0	4,008	3,875
Sales costs	(237)	(231)	(217)	(217)	(134)	(137)	(148)	(161)	(193)	(168)	–	–	(929)	(914)
General and administrative costs	(401)	(396)	(388)	(363)	(286)	(282)	(358)	(366)	(250)	(226)	(66)	(64)	(1,749)	(1,697)
Total operating expenses	(638)	(627)	(605)	(580)	(420)	(419)	(506)	(527)	(443)	(394)	(66)	(64)	(2,678)	(2,611)
Other gains and (losses)	(4)	(1)	(2)	(2)	(2)	(5)	2	78	(1)	(1)	–	0	(7)	69
Operating profit	406	376	460	434	383	363	114	185	26	39	(66)	(64)	1,323	1,333
Amortization of acquired identifiable intangible assets	44	37	17	19	18	19	26	26	41	39	–	–	146	140
Impairment of acquired identifiable intangible assets	–	20	–	–	–	–	–	–	–	–	–	–	0	20
Non-benchmark items in operating profit	4	1	2	2	2	5	(2)	(78)	1	1	–	0	7	(69)
Adjusted operating profit	454	434	479	455	403	387	138	133	68	79	(66)	(64)	1,476	1,424
Amortization of other intangible assets and depreciation of PPE and right-of-use assets	(47)	(46)	(77)	(81)	(46)	(48)	(62)	(61)	(62)	(56)	0	0	(294)	(292)
Impairment of other intangible assets, PPE, and right-of-use assets	0	(6)	(2)	(5)	0	(2)	(1)	(1)	(2)	0	–	–	(5)	(14)
Goodwill and acquired identifiable intangible assets at December 31	1,260	1,300	1,284	1,321	1,159	1,217	725	743	766	813	–	–	5,194	5,394
Net capital expenditure	49	42	74	67	58	52	58	61	84	73	0	0	323	295
Number of FTEs at December 31	3,333	3,116	7,276	6,693	3,056	3,112	4,033	3,892	3,215	3,111	143	132	21,056	20,056

* Restated due to new organizational structure. For more information, refer to Note 1 – General and basis of preparation.

** The corporate function does not represent an operating segment.

Notes to the consolidated financial statements continued

Note 5 – Segment reporting continued

Material accounting policy information

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses. The five global operating divisions are based on strategic customer segments: Health; Tax & Accounting; Financial & Corporate Compliance; Legal & Regulatory; and Corporate Performance & ESG. 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 associated FTEs) and net capital expenditure incurred on behalf of the segments by Global Growth Markets, Global Business Services, and Digital eXperience Group 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.

Total non-current assets per geographic region

<i>in millions of euros, unless otherwise stated</i>	2023		2022	
		%		%
The Netherlands	715	11	676	11
Europe (excluding the Netherlands)	1,302	21	1,336	21
U.S. and Canada	4,176	67	4,338	67
Asia Pacific	76	1	85	1
Rest of World	20	0	19	0
Total	6,289	100	6,454	100

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

Other disclosures

Comparative segmental disclosures were updated based on the new organizational structure. Refer to *Note 1 – General and basis of preparation* for more information.

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

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

Note 6 – Revenues

	2023	2022
Revenues from contracts with third parties	5,584	5,453

Material accounting policy information

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 to the customer 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 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 a customer as a one-time upfront fee, revenue is recognized over a period of 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, revenues are recognized at the time the control of the license is transferred to a customer, considering any significant customer acceptance clauses.

Goods

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

When goods are sold with a right to return, the group recognizes the revenues of the transferred goods for the amount the group expects to be entitled to, a refund contract liability, and an asset for the group's right to recover goods on settling the refund contract liability.

Notes to the consolidated financial statements continued

Note 6 – Revenues continued

Services

Revenues from providing services are recognized in the period in which the related performance obligations are satisfied. For fixed-price contracts, revenues are recognized based on the actual service provided 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 contract includes an hourly fee, revenues are recognized in the amount to which the group has a right to invoice.

Implementation services

Revenues from providing implementation services are based on input or output methods, subject to contractual arrangements, and are recognized over the implementation period, or upon full completion of the implementation, depending on when the customer can benefit from the service.

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 goods and/or services on their 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 contract inception, 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 consideration for the specific goods and/or services transferred.

Variable consideration

Discounts, return of goods and/or services, usage-based prices, and index-based pricing are the most common forms of variable considerations within the group. Discounts are often contractually agreed and allocated to all distinct performance obligations, unless

there is a specific discount policy for a performance obligation. Volume-related discounts, return of goods and/or services, 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. Considerations are recognized pro rata over the term of the contract in case the group estimates at contract inception that price increases are beyond compensation for cost price increases.

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 a period 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 transaction prices for the time value of money.

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, employee benefit expenses, subcontracted work, training, and other costs incurred to support and maintain the products, applications, and/or services.

For print products, cost of revenues may include cost for paper, printing and binding, royalties, employee benefit expenses, subcontracted work, shipping costs, and other incurred costs.

Estimates and judgments

IFRS 15 Revenue from Contracts with Customers requires management to make estimates and judgments on the characteristics of a performance obligation, (un)bundling of multi-element arrangements, and whether revenues 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 product and contract lives.

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 mostly as the principal in its customer contracts.

For the judgments applied to the incremental cost to obtain a contract, refer to *Note 24 – Contract assets and liabilities*.

Notes to the consolidated financial statements continued

Note 6 – Revenues continued

Disaggregation of revenues

Revenues by recognition pattern and contract length

reporting per segment	Health		Tax & Accounting		Financial & Corporate Compliance		Legal & Regulatory		Corporate Performance & ESG		Total	
	2023	2022	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022
Revenue per recognition pattern												
At a point in time recognition	253	253	193	186	366	371	246	262	103	68	1,161	1,140
Over time recognition	1,255	1,195	1,273	1,208	686	685	629	654	580	571	4,423	4,313
Revenues from contracts with third parties	1,508	1,448	1,466	1,394	1,052	1,056	875	916	683	639	5,584	5,453
Revenue per contract length												
Contracts one year or less	963	953	1,279	1,236	844	858	644	705	354	337	4,084	4,089
Multi-year contracts	545	495	187	158	208	198	231	211	329	302	1,500	1,364
Revenues from contracts with third parties	1,508	1,448	1,466	1,394	1,052	1,056	875	916	683	639	5,584	5,453

* Comparative figures restated due to new organizational structure. For more information, see Note 1 – General and basis of preparation.

Revenues by media format

reporting per segment	Health		Tax & Accounting		Financial & Corporate Compliance		Legal & Regulatory		Corporate Performance & ESG		Total	
	2023	2022	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022
Digital	1,348	1,281	1,398	1,322	558	567	736	746	683	639	4,723	4,555
Services	4	1	33	34	488	484	9	14	0	0	534	533
Print	156	166	35	38	6	5	130	156	–	–	327	365
Revenues from contracts with third parties	1,508	1,448	1,466	1,394	1,052	1,056	875	916	683	639	5,584	5,453

* Comparative figures restated due to new organizational structure. For more information, see Note 1 – General and basis of preparation.

Recurring/non-recurring revenues

reporting per segment	Health		Tax & Accounting		Financial & Corporate Compliance		Legal & Regulatory		Corporate Performance & ESG		Total	
	2023	2022	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022
Recurring revenues	1,374	1,307	1,339	1,287	704	676	683	708	443	410	4,543	4,388
Non-recurring revenues	134	141	127	107	348	380	192	208	240	229	1,041	1,065
Revenues from contracts with third parties	1,508	1,448	1,466	1,394	1,052	1,056	875	916	683	639	5,584	5,453

* Comparative figures restated due to new organizational structure. For more information, see Note 1 – General and basis of preparation.

Notes to the consolidated financial statements continued

Note 6 – Revenues continued

Revenues by type

	2023	2022
Digital and service subscription	4,134	3,950
Print subscription	136	157
Other recurring	273	281
Total recurring revenues	4,543	4,388
Print books	120	129
Legal Services transactional	283	299
Financial Services transactional	128	134
Other non-recurring*	510	503
Total non-recurring revenues	1,041	1,065
Revenues from contracts with third parties	5,584	5,453

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

Revenues per geographic region

<i>in millions of euros, unless otherwise stated</i>	2023	2022
	%	%
The Netherlands	227	204
Europe (excluding the Netherlands)	1,342	1,356
U.S. and Canada	3,577	3,476
Asia Pacific	345	333
Rest of World	93	84
Revenues from contracts with third parties	5,584	5,453

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 attributable to the ordinary equity holders of the company by the weighted-average number of ordinary shares outstanding during the year after adjusting for treasury shares.

Profit for the year

	2023	2022
Profit for the year attributable to the owners of the company (A)	1,007	1,027

Weighted-average number of ordinary shares for the year

<i>in millions of shares, unless otherwise stated</i>	2023	2022
Outstanding ordinary shares at January 1	Note 32	257.5
Effect of cancellation of shares	(3.4)	(1.9)
Effect of repurchased shares	(9.2)	(5.9)
Weighted-average number of ordinary shares (B)	244.9	254.7
Basic EPS (A/B) (€)	4.11	4.03

Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the company by the diluted weighted-average number of ordinary shares outstanding during the year after adjusting 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

<i>in millions of shares, unless otherwise stated</i>	2023	2022
Weighted-average number of ordinary shares (B)	244.9	254.7
Effect of long-term incentive plan (LTIP)	1.1	1.1
Diluted weighted-average number of ordinary shares (C)	246.0	255.8
Diluted EPS (A/C) (€)	4.09	4.01

Notes to the consolidated financial statements continued

Note 8 – Acquisitions and divestments

Acquisitions

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. If the final valuation of the acquired assets and liabilities assumed is still pending at year end, it 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 earnout arrangements), 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 January 9, 2023, Wolters Kluwer Health completed the acquisition of 100% of the shares of NurseTim, Inc. (NurseTim), a U.S.-based provider of nursing education solutions, for €24 million in cash. The transaction had no deferred and contingent considerations. NurseTim became part of Wolters Kluwer's Health Learning, Research & Practice (HLRP) business, which includes nursing education and practice solutions that help ensure students are ready for practice and nurses are prepared to deliver better patient care and outcomes. NurseTim, founded in 2008, is based in Minneapolis, Minnesota, and employs 48 professionals.

On June 7, 2023, Wolters Kluwer Health completed the acquisition of 100% of the shares of Invistics Corporation (Invistics), a U.S.-based provider of cloud-based, AI-enabled software for drug diversion detection and controlled substance compliance, for €17 million in cash and deferred consideration of €1 million. Invistics joined the company's Clinical Surveillance, Compliance & Data Solutions unit, part of Clinical Solutions.

On October 31, 2023, Wolters Kluwer Legal & Regulatory completed the acquisition of 100% of the shares of MFAS/Meijer Fiscale Adviessystemen b.v. (MFAS), a Dutch provider of practical tax content solutions and productivity tools, for €6 million in cash and deferred consideration of €1 million. MFAS became part of Wolters Kluwer LR Benelux, which is a leading provider of information solutions and software serving legal and tax professionals in the Netherlands.

In addition, other smaller acquisitions were completed with a combined total consideration of €15 million (2022: €1 million), including deferred and contingent considerations.

The fair values of the identifiable assets and liabilities of the abovementioned acquisitions, as reported at December 31, 2023, are provisional, but no material deviations from these fair values are expected.

Acquisition spending

In 2023, total acquisition spending, net of cash acquired, was €61 million (2022: €92 million), including deferred and contingent consideration payments of €3 million (2022: €1 million). In 2022, the group acquired IDS, Level Programs, IJS Publishing Group, Della AI, and a few smaller businesses.

In 2023, acquisition-related costs amounted to €7 million (2022: €3 million).

The goodwill relating to the 2023 acquisitions represents future economic benefits specific to the group arising from assets that do not qualify for separate recognition as intangible assets. These benefits include revenues from expected new customers and from new capabilities of the acquired product platforms, as well as expected synergies that will arise following the acquisitions.

Of the goodwill recognized in 2023, none was deductible for income tax purposes (2022: none).

Notes to the consolidated financial statements continued

Note 8 – Acquisitions and divestments continued

Acquisitions

	Carrying amounts	Fair value adjustments	2023 Recognized values	2022 Recognized values
Consideration payable in cash			60	92
<i>Deferred and contingent considerations at fair value:</i>				
Non-current			2	2
Current			2	1
Total consideration			64	95
Intangible assets other than goodwill				
Other non-current assets	Note 17	1	50	77
Current assets	Note 19	0	0	2
Current liabilities		7	7	4
Non-current liabilities	Note 28	(9)	(9)	(2)
Deferred tax assets/(liabilities)		(1)	(1)	(2)
Fair value of net identifiable assets		0	(10)	(19)
		(2)	40	38
Goodwill on acquisitions	Note 17		26	35
<i>Cash effect of acquisitions:</i>				
Consideration payable in cash			60	92
Cash acquired			(2)	(1)
Deferred and contingent considerations paid	Note 29		3	1
Acquisition spending, net of cash acquired			61	92

Of the €50 million fair value adjustments of intangible assets in 2023, €14 million related to Invistics, €8 million related to NurseTim, €9 million related to MFAS, and €19 million related to the other acquisitions.

Contribution of 2023 acquisitions

<i>in millions of euros, unless otherwise stated</i>	Revenues	Adjusted operating profit	Profit for the year	FTEs at December 31, 2023
Totals excluding the impact of 2023 acquisitions	5,570	1,475	1,009	20,947
Contribution of 2023 acquisitions	14	1	(2)	109
Totals for the year 2023	5,584	1,476	1,007	21,056
Pro forma contribution of 2023 acquisitions for the period January 1, 2023, up to acquisition date (unaudited)	5	1	(3)	
Pro forma totals for the year 2023	5,589	1,477	1,004	21,056

The above information does not purport to represent what the actual results would have been, had the acquisitions been concluded on January 1, 2023, nor is the information necessarily indicative for future results of the acquired operations. In determining the contribution of 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, 2023.

Deferred and contingent considerations

The acquisitions completed in 2023 resulted in a maximum achievable undiscounted deferred and contingent consideration of €4 million. The fair value of this deferred and contingent consideration amounted to €4 million at acquisition date and at December 31, 2023.

For further disclosure on deferred and contingent considerations, refer to Note 29 – 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 2022 acquisitions resulted in an increase of goodwill of €9 million. Reference is made to Note 17 – Goodwill and intangible assets other than goodwill.

Divestments

Material accounting policy information

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.

Notes to the consolidated financial statements continued

Note 8 – Acquisitions and divestments continued

During 2023, net divestment proceeds amounted to €8 million.

In 2022, net divestment proceeds amounted to €106 million and mainly included the divestment of the legal information units in France and Spain.

Divestment-related results on operations and financial assets

	2023	2022
<i>Divestment of operations:</i>		
Consideration receivable in cash	5	114
Consideration receivable	5	114
Intangible assets	–	0
Other non-current assets	–	0
Current assets (including assets held for sale)	–	110
Current liabilities (including liabilities held for sale)	–	(77)
Deferred tax assets/(liabilities)	1	0
Net identifiable assets/(liabilities)	1	33
Reclassification of foreign exchange differences on loss of control to profit or loss, previously recognized in other comprehensive income	–	(1)
Book profit/(loss) on divestments of operations	4	80
Divestment-related costs	0	(3)
Restructuring of stranded costs following divestments <i>Note 31</i>	–	(2)
Divestment-related results included in other gains and (losses) <i>Note 11</i>	4	75
<i>Divestment of financial assets</i>		
Consideration receivable in cash	3	–
Carrying value of financial assets	0	–
Divestment-related results included in total financing results <i>Note 14</i>	3	0
<i>Cash effect of divestments:</i>		
Consideration receivable in cash	8	114
Cash included in divested operations	–	(8)
Receipts from divestments, net of cash disposed	8	106

In the consolidated statement of cash flows, the book profit/(loss) on divestment of operations is reported under book (profit)/loss on divestment of operations and non-current assets.

Note 9 – Sales costs

	2023	2022
Marketing and promotion costs	253	263
Sales-related costs – sales commissions directly expensed	157	162
Sales-related costs – amortization of capitalized sales commissions <i>Note 24</i>	29	29
Other sales-related costs	383	359
Customer support costs	84	80
Additions to and releases from loss allowances on trade receivables and unbilled revenues <i>Note 24</i>	23	21
Total	929	914

Material accounting policy information

Sales costs relate to direct internal employee benefit expenses and direct external costs, incurred for marketing and sales activities, as well as the additions to and releases from loss allowances on trade receivables and unbilled revenues based on lifetime expected credit losses.

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 the incremental cost of obtaining a contract as an expense 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 bundled and/or multi-element contracts in which the predominant consideration element is recognized for performance obligations satisfied at a point in time, the sales commissions are 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-cancelable contract period for a right-to-access license is longer than five years. In those situations, the longer non-cancelable contract period of the license contract prevails as the amortization period.

Estimates and judgments

The group determines the additions to and releases from loss allowances on trade receivables and unbilled revenues 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. Refer to *Note 24 – Contract assets and liabilities* for more information.

Notes to the consolidated financial statements continued

Note 10 – General and administrative costs

	2023	2022
Research, development, and editorial costs	591	541
General and administrative operating expenses	1,012	996
Amortization and impairment of acquired identifiable intangible assets	Note 13 146	160
Total	1,749	1,697

Material accounting policy information

General and administrative costs include costs that are neither directly attributable to cost of revenues nor to sales costs. These costs include product research and development costs, editorial costs, information technology costs, general overhead costs, 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 11 – Other gains and (losses)

	2023	2022
Acquisition-related costs	Note 8 (7)	(3)
Additions to acquisition integration provisions	Note 31 (4)	(3)
Fair value changes of contingent considerations	Note 29 0	0
Divestment-related results	Note 8 4	75
Total	(7)	69

Material accounting policy information

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 12 – Employee benefit expenses

<i>in millions of euros, unless otherwise stated</i>	2023	2022*
Salaries and wages and other benefits	1,848	1,769
Social security charges	161	159
Medical cost benefits	101	94
Expenses related to defined contribution plans	96	89
Expenses related to defined benefit plans	Note 30 16	29
Equity-settled share-based payments	Note 33 31	28
Total	2,253	2,168

Employees

Headcount at December 31	21,438	20,511
Thereof employed in the Netherlands	1,176	1,150
In full-time equivalents at December 31	21,056	20,056
In full-time equivalents average per annum	20,810	20,061

* Prior year figures have been restated as temporary staff and contractors are no longer considered part of employee benefit expenses.

Note 13 – Amortization, impairment, and depreciation

	2023	2022
Amortization of acquired identifiable intangible assets	Note 17 146	140
Impairment of acquired identifiable intangible assets	Note 17 –	20
Amortization of other intangible assets	Note 17 204	195
Impairment of other intangible assets	Note 17 5	13
Depreciation of property, plant, and equipment	Note 18 23	26
Impairment of property, plant, and equipment	Note 18 0	1
Depreciation of right-of-use assets	Note 19 67	71
Total	445	466

During 2023, the useful lives for certain acquired identifiable intangible assets were reduced, which resulted in incremental amortization of €10 million.

For further disclosure on estimates and judgments, refer to Note 17 – Goodwill and intangible assets other than goodwill and Note 19 – Leasing.

Notes to the consolidated financial statements continued

Note 14 – Financing results

	2023	2022
Financing income		
<i>Interest income for financial assets measured at amortized cost:</i>		
Interest income on short-term bank deposits	50	20
Interest income on bank balances and other	5	1
<i>Other financing income:</i>		
Derivatives – foreign exchange contracts, not qualifying as hedge	0	0
Total financing income	55	21
Financing costs		
<i>Interest expense for financial liabilities measured at amortized cost:</i>		
Interest expense on Euro Commercial Paper program and bank borrowings	(3)	0
Interest expense on bonds and private placements	(68)	(54)
Amortization of fee expense for debt instruments <i>Note 28</i>	(3)	(3)
Interest expense on bank overdrafts and other	(3)	(3)
<i>Other financing expense:</i>		
Unwinding of discount of lease liabilities <i>Note 28</i>	(9)	(9)
Net foreign exchange gains/(losses)	7	(5)
<i>Items in hedge relationships:</i>		
Interest rate swaps	(3)	(3)
Foreign exchange gains/(losses) on loans subject to cash flow hedge	15	11
Net change in fair value of cash flow hedges reclassified from other comprehensive income	(15)	(11)
Total financing costs	(82)	(77)
Net financing results	(27)	(56)
Other finance income and (costs)		
Divestment-related results on financial assets <i>Note 8</i>	3	–
Fair value changes of financial assets <i>Note 21</i>	0	0
Financing component employee benefits <i>Note 30</i>	(3)	(1)
Total other finance income and (costs)	0	(1)
Total financing results	(27)	(57)

Note 15 – Income tax expense

	2023	2022
Current income tax expense	300	286
Adjustments previous years	(2)	(13)
<i>Deferred tax expense:</i>		
Changes in tax rates	0	0
Origination and reversal of temporary differences	(8)	(24)
Movements in deferred tax assets and liabilities <i>Note 22</i>	(8)	(24)
Total <i>Note 22</i>	290	249

Material accounting policy information

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, 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, 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.

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. 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 and rules, and prior experience. The group operates in several countries with different tax laws and rules.

Notes to the consolidated financial statements continued

Note 15 – Income tax expense continued

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 considers potential challenges and accounts 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.

International tax reform – Pillar Two Model Rules

On December 19, 2023, the government of the Netherlands enacted the Pillar Two income taxes legislation effective from January 1, 2024. Under the legislation, the company will be required to pay in the Netherlands, or the subsidiary in the subsidiary country, a top-up tax on profits of its subsidiaries that are taxed at an effective corporate income tax rate of less than 15%. The main jurisdiction in which exposures to this tax may exist is Ireland. If the Pillar Two legislation would have been in effect in 2023, the effective tax rate for the group would be approximately 0.5% higher, considering certain adjustments that would be required applying the legislation. However, as the newly enacted legislation is only effective from January 1, 2024, there is no current tax impact for the year ended December 31, 2023.

The group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top up tax and accounts for it as a current tax when it is incurred.

The group continues to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

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 25.8%. The table below reconciles the Dutch statutory income tax rate with the effective income tax rate in the consolidated statement of profit or loss:

<i>in millions of euros, unless otherwise stated</i>		2023		2022
	%		%	
Profit before tax		1,297		1,276
Income tax expense at the Dutch statutory income tax rate	25.8	335	25.8	329
<i>Tax effect of:</i>				
Rate differential	(2.9)	(38)	(2.7)	(35)
Tax incentives, exempt income, and divestments	(0.8)	(10)	(2.4)	(31)
Recognized and unrecognized tax losses	0.0	0	(0.1)	(1)
Adjustments previous years	(0.1)	(2)	(1.0)	(13)
Changes in income tax rates	0.0	0	0.0	0
Other taxes	0.9	11	0.9	11
Non-deductible costs and other items	(0.5)	(6)	(1.0)	(11)
Total	22.4	290	19.5	249

Rate differential indicates the effect of the group's taxable income generated and taxed in jurisdictions where tax rates differ from the Dutch statutory income tax rate.

The effective tax rate increased to 22.4% (2022: 19.5%), resulting from tax neutral gains on the divestment of the legal information units in Spain and France in 2022, plus positive outcomes from the closure of previous tax years.

For income tax recognized directly in the consolidated statements of changes in total equity and other comprehensive income, reference is made to *Note 22 – Tax assets and liabilities*.

Note 16 – Non-controlling interests

The group's share in consolidated subsidiaries not fully owned at December 31 is:

<i>ownership in %</i>	2023	2022
Akadémiái Kiadó Kft. (Budapest, Hungary)	74	74

Non-controlling interests in the equity of consolidated participations, totaling €0 million (2022: €0 million), are based on third-party shareholdings in the underlying shareholders' equity of the subsidiaries.

Notes to the consolidated financial statements continued

Note 17 – Goodwill and intangible assets other than goodwill

	Goodwill	Customer relationships	Technology and content	Brand names	Other	Acquired identifiable intangible assets	Other intangible assets	2023	2022
Position at January 1									
Cost value	4,394	1,134	808	494	3	2,439	2,011	8,844	8,498
Accumulated amortization and impairment	–	(579)	(432)	(425)	(3)	(1,439)	(1,363)	(2,802)	(2,698)
Book value at January 1	4,394	555	376	69	0	1,000	648	6,042	5,800
Movements									
Investments*	–	–	–	–	–	0	298	298	264
Acquired through business combinations	Note 8	26	27	23	0	50	1	77	112
Disposal of assets	–	–	–	–	–	0	0	0	0
Net expenditures	26	27	23	0	0	50	299	375	376
Amortization	Note 13	–	(70)	(65)	(11)	0	(146)	(204)	(350)
Impairment	Note 13	–	–	–	–	0	(5)	(5)	(33)
Reclassifications	Note 8	9	–	(13)	–	(13)	1	(3)	2
Foreign exchange differences		(107)	(10)	(8)	(1)	0	(13)	(139)	232
Total movements		(72)	(53)	(63)	(12)	0	78	(122)	242
Position at December 31									
Cost value	4,322	1,105	690	457	3	2,255	2,083	8,660	8,844
Accumulated amortization and impairment	–	(603)	(377)	(400)	(3)	(1,383)	(1,357)	(2,740)	(2,802)
Book value at December 31	4,322	502	313	57	0	872	726	5,920	6,042

* Investments in 2022 exclude capital expenditure by the disposal groups classified as held for sale of €3 million.

At both December 31, 2023, and December 31, 2022, the vast majority of the book value of other intangible assets relates to development of software.

In both 2023 and 2022, the amortization and impairment of intangible assets are, for the vast majority, reported under general and administrative costs in the consolidated statement of profit or loss.

Notes to the consolidated financial statements continued

Note 17 – Goodwill and intangible assets other than goodwill continued

Material accounting policy information

Goodwill

The group measures goodwill at the acquisition date as the sum of the fair value of the consideration (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 deferred and 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), and brand names.

Other intangible assets

Other intangible assets mainly relate to purchased and internally developed information systems and software.

Useful lives of assets

The useful lives of assets are estimated in line with common market practice. The group reviews the remaining useful lives and the amortization methods 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:

- Customer relationships: five to 29 years;
- Technology and content: five to 29 years;
- Brand names: five to 20 years;
- Other acquired identifiable intangible assets: five to 10 years; and
- Other intangible assets: three to five years.

Estimates and judgments

Measurement – other intangible assets

Development costs are capitalized if the group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, the intention to complete the asset, the ability to sell or use the asset, how the asset will yield probable future economic benefits, the availability of adequate technical, financial, and other resources to complete the asset, and the ability to reliably measure the expenditure attributable to the asset.

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).

Measurement – acquired identifiable intangible assets

Upon acquisition, the values of intangible assets acquired are estimated, usually 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 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, requiring estimates such as future cash flows, royalty rates, discount rates, useful lives, churn rates, and rates of return. The methodologies applied in this respect are in line with common market practice.

Impairment test

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, 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.

Notes to the consolidated financial statements continued

Note 17 – Goodwill and intangible assets other than goodwill continued

Impairment tests require estimates of discount rates, future cash flows, and perpetual growth rates. These estimates are made by management of 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, consisting mainly of acquired identifiable intangible 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 were no impairment triggers for the majority of the other non-current assets. In 2023, the group recognized additional amortization on certain acquired identifiable intangible assets due to the shortening of useful lives.

Carrying amounts of goodwill and acquired identifiable intangible assets per operating segment

	Goodwill	Acquired identifiable intangible assets	2023	Pro-forma 2022*
Health	1,111	149	1,260	1,300
Tax & Accounting	1,188	96	1,284	1,321
Financial & Corporate Compliance	987	172	1,159	1,217
Legal & Regulatory	573	152	725	743
Corporate Performance & ESG	463	303	766	813
Total	4,322	872	5,194	5,394

* Comparative pro-forma figures are restated due to new organizational structure. For more information, see Note 1 – General and basis of preparation.

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 composition of the groups of CGUs to which goodwill has been allocated changed in 2023:

- The group changed its reporting segment structure with a new segment, Corporate Performance & ESG;
- The former groups of CGUs Health Learning, Research & Practice and Clinical Solutions are combined into the Health group of CGUs; and
- The remainder of the former groups of CGUs Tax & Accounting Americas and Asia Pacific and Tax & Accounting Europe are combined into the Tax & Accounting group of CGUs.

This resulted in five groups of CGUs (2022: six groups of CGUs). The goodwill has been reallocated retrospectively January 1, 2023, using the relative value approach.

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 2023 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 2023 annual impairment test showed that the recoverable amount exceeded the carrying amount for all identified groups of CGUs for goodwill impairment testing.

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 2023 weighted-average long-term growth rate is 2.3% for the U.S. and 2.0% for Europe (2022: 2.2% for the U.S. and 2.0% 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 10.3% and 10.8% (2022: between 9.6% and 10.2%) with a weighted average of 10.4% (2022: 9.9%).

Notes to the consolidated financial statements continued

Note 17 – Goodwill and intangible assets other than goodwill continued

In determining the discount rate, the group used a risk-free rate based on the long-term yield on Dutch government bonds and U.S. treasury bonds with a maturity of 20 years, adjusted for country risk premiums and country-specific inflation differentials. In determining the discount rate at the moment of performing the annual impairment test, the group applied the following assumptions:

	2023	2022
Risk-free rate United States (in %)	4.2	3.6
Risk-free rate Europe (in %)	2.8	2.1
Market risk premium United States (in %)	5.5	6.0
Market risk premium Europe (in %)	6.0	6.8
Tax rate United States (in %)	26.0	26.0
Tax rate Europe (in %)	25.8	25.8
Re-levered beta	0.80	0.79

Sensitivity analysis

The impairment test 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 sensitivity per group of CGUs for the 2023 and 2022 goodwill impairment tests, respectively, is as follows:

2023 sensitivity per group of CGUs in millions of euros, unless otherwise stated	Applied weighted- average growth rate	Allowed change (in basis points)			Allocated goodwill at December 31, 2023
		Decline in growth rate	Increase in discount rate	Decrease in adjusted operating profit margin	
Health	2.3%	>300	>300	>300	1,111
Tax & Accounting	2.2%	>300	>300	>300	1,188
Financial & Corporate Compliance	2.3%	>300	>300	>300	987
Legal & Regulatory	2.3%	>300	>300	>300	573
Corporate Performance & ESG	2.2%	>300	>300	>300	463
Total	2.3%				4,322

2022 sensitivity per group of CGUs in millions of euros, unless otherwise stated	Applied weighted- average growth rate	Allowed change (in basis points)			Allocated goodwill at December 31, 2022*
		Decline in growth rate	Increase in discount rate	Decrease in adjusted operating profit margin	
Health Learning, Research & Practice	2.1%	>300	>300	>300	567
Clinical Solutions	2.2%	>300	>300	>300	557
Tax & Accounting Americas and Asia Pacific	2.1%	>300	>300	>300	1,131
Tax & Accounting Europe	2.0%	>300	>300	>300	411
Financial & Corporate Compliance	2.2%	>300	>300	>300	1,122
Legal & Regulatory	2.2%	>300	>300	>300	606
Total	2.2%				4,394

* The 2022 sensitivity per group of CGUs is based on the reporting segment structure at December 31, 2022.

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:

	2023	2022
Acquired identifiable intangible assets – certain assets within Health	–	20
Other intangible assets	5	13
Total	Note 13 5	33

Notes to the consolidated financial statements continued

Note 18 – Property, plant, and equipment

	Land and buildings	Other PPE	2023	2022
Position at January 1				
Cost value	121	196	317	380
Accumulated depreciation and impairment	(87)	(151)	(238)	(305)
Book value at January 1	34	45	79	75
Movements				
Investments	5	21	26	28
Acquired through business combinations	<i>Note 8</i>	0	0	–
Disposal of assets	–	(1)	(1)	0
Net expenditures	5	20	25	28
Depreciation	<i>Note 13</i>	(6)	(17)	(26)
Impairment	<i>Note 13</i>	0	0	(1)
Foreign exchange differences		(1)	(1)	3
Total movements	(2)	2	0	4
Position at December 31				
Cost value	92	176	268	317
Accumulated depreciation and impairment	(60)	(129)	(189)	(238)
Book value at December 31	32	47	79	79

Material accounting policy information

Property, plant, and equipment (PPE), consisting of land, buildings, and other assets such as office and IT equipment, are valued at cost less accumulated depreciation and 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 component 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 PPE: three to 10 years.

Note 19 – Leasing

Material accounting policy information

The group primarily leases real estate and, to a lesser extent, IT equipment and cars. The fixed rental periods mostly vary from one year to 15 years and 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.

The group elected 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 have a 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 group is to a very limited extent a lessor.

Estimates and judgments

IFRS 16 requires management to make estimates for setting the discount rate and to apply judgments in the assessment of renewal and termination options (i.e., optional lease periods) in the lease contracts.

Notes to the consolidated financial statements continued

Note 19 – Leasing continued

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.

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 periods 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. Usually, optional periods arising from renewal options of other real estate leases are not considered to be reasonably certain, since the rent is often reset at the market price on the renewal option date. Optional periods after termination option dates are often included in the lease term due to termination penalties included in the contract.

Impairment of right-of-use assets

The group determined whether there were impairment triggers regarding the right-of-use asset and accounts for any impairment loss identified. This primarily applies to real estate leases. The impairment of a real estate right-of-use asset becomes relevant in case of vacated office space.

If vacated office space is identified, this space is considered a CGU on its own when that space can 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 include not only the right-of-use asset, but also any directly related associated assets such as leasehold improvements.

Movement schedule of right-of-use assets

	Real estate	Other leases	2023	2022
Position at January 1				
Cost value	596	89	685	658
Accumulated depreciation and impairment	(338)	(64)	(402)	(357)
Book value at January 1	258	25	283	301
Movements				
Additions from new leases	16	11	27	27
Acquired through business combinations <i>Note 8</i>	0	–	0	2
Additions from contract modifications and reassessment of options	7	1	8	27
Other movements from contract modifications and reassessment of options	(3)	(1)	(4)	(14)
Net additions	20	11	31	42
Depreciation <i>Note 13</i>	(50)	(17)	(67)	(71)
Foreign exchange differences	(6)	0	(6)	11
Total movements	(36)	(6)	(42)	(18)
Position at December 31				
Cost value	575	48	623	685
Accumulated depreciation and impairment	(353)	(29)	(382)	(402)
Book value at December 31	222	19	241	283

Notes to the consolidated financial statements continued

Note 19 – Leasing continued

Contractual maturities of lease liabilities

	2023	2022
Within one year	65	69
Between one and two years	55	59
Between two and three years	44	50
Between three and four years	36	40
Between four and five years	30	34
Between five and ten years	72	86
Ten years and more	1	10
Effect of discounting	(31)	(35)
Total lease liabilities at December 31	<i>Note 28</i> 272	313

Cash outflow for leases

	2023	2022
Interest portion of lease payments	9	9
Repayment of principal portion of lease liabilities	65	72
Total	74	81

Other disclosures

At December 31, 2023, the weighted-average discount rate is 3.1% (2022: 2.8%).

At December 31, 2023, the future undiscounted cash outflows arising from leases not yet commenced and to which the group is committed amounted to €2 million (2022: €9 million).

The group's lease agreements do not impact any covenants.

The total expenses arising from short-term leases and low-value leases are insignificant.

Note 20 – Investments in equity-accounted associates

The group's share in equity-accounted associates at December 31 is:

ownership in %	2023	2022
Haoyisheng (Beijing, China)	22	22

Movement schedule of equity-accounted associates

	2023	2022
Position at January 1	11	10
Share of profit of equity-accounted associates, net of tax	1	0
Foreign exchange differences	(1)	1
Position at December 31	11	11

For the equity-accounted associates at December 31, 2023, and December 31, 2022, the financial information (at 100%) and the group's weighted-proportionate share is as follows:

	Total equity-accounted associates		Group's share	
	2023	2022	2023	2022
Total assets	38	34	8	8
Total liabilities	22	17	5	4
Total equity	16	17	3	4
Revenues	30	31	6	7
Net profit for the year	3	1	1	0

Note 21 – Financial assets

	2023	2022
Financial assets at fair value through profit or loss	0	0
Finance lease receivables	1	1
Derivative financial instruments	<i>Note 29</i> –	17
Other non-current financial assets	5	5
Total	6	23

The credit risk exposure of the financial assets is considered immaterial. Refer to *Note 29 – Financial risk management*.

Notes to the consolidated financial statements continued

Note 22 – Tax assets and liabilities

Deferred tax assets and liabilities

<i>temporary differences arising from:</i>	Assets	Liabilities	2023	2022
Intangible assets	6	(398)	(392)	(395)
Property, plant, and equipment, right-of-use assets, and lease liabilities	79	(58)	21	17
Employee benefits	45	(8)	37	38
Tax value of loss carry-forwards recognized	23	–	23	31
Other items	102	(21)	81	72
Total before set-off of tax	255	(485)	(230)	(237)
Set-off of tax	(204)	204	0	0
Position at December 31	51	(281)	(230)	(237)

Estimates and judgments

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 probable.

Other items mainly include recognition of deferred tax assets and liabilities for temporary differences on working capital items.

Movements in temporary differences 2023

	Balance at January 1, 2023	Acquisitions/divestments	Recognized in profit or loss (Note 15)	Recognized in equity and OCI comprehensive income	Foreign exchange differences	Balance at December 31, 2023
Intangible assets	(395)	(7)	1	–	9	(392)
PPE, right-of-use assets, and lease liabilities	17	–	4	–	0	21
Employee benefits	38	–	0	0	(1)	37
Tax value of loss carry-forwards recognized	31	–	(7)	–	(1)	23
Other items	72	(1)	10	0	0	81
Total	(237)	(8)	8	0	7	(230)

Movements in temporary differences 2022

	Balance at January 1, 2022	Acquisitions/divestments	Recognized in profit or loss (Note 15)	Recognized in equity and OCI comprehensive income	Foreign exchange differences	Balance at December 31, 2022
Intangible assets	(390)	(19)	31	–	(17)	(395)
PPE, right-of-use assets, and lease liabilities	1	–	16	–	0	17
Employee benefits	37	–	4	(5)	2	38
Tax value of loss carry-forwards recognized	38	–	(9)	–	2	31
Other items	82	0	(18)	4	4	72
Total	(232)	(19)	24	(1)	(9)	(237)

Movements in overall tax position

	2023	2022
Position at January 1		
Current income tax assets	61	59
Current income tax liabilities	(129)	(142)
Deferred tax assets	62	62
Deferred tax liabilities	(299)	(294)
Overall tax position	(305)	(315)

Movements

Total income tax expense	Note 15	(290)	(249)
Deferred tax from acquisitions and divestments		(8)	(19)
Current income tax from acquisitions and divestments		0	(1)
Deferred tax on items recognized directly in OCI		0	(1)
Paid income tax		325	289
Foreign exchange differences		6	(9)
Total movements		33	10

Position at December 31

Current income tax assets	86	61
Current income tax liabilities	(128)	(129)
Deferred tax assets	51	62
Deferred tax liabilities	(281)	(299)
Overall tax position	(272)	(305)

Notes to the consolidated financial statements continued

Note 22 – Tax assets and liabilities continued

The current income tax liabilities include, to a large extent, uncertain tax positions. For most of these uncertain tax positions, it is expected that the audit by tax authorities will finalize beyond one year. For the estimates and judgments applied to uncertain tax positions, refer to Note 15 – Income tax expense.

The group paid income taxes for the amounts of €181 million (2022: €162 million) in North America, €133 million (2022: €119 million) in Europe, and €11 million (2022: €8 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 €0 million at December 31, 2023 (2022: €0 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 €408 million (2022: €352 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, 13% expire within the next five years (2022: 12%), 1% expire after five years (2022: 4%), and 86% carry forward indefinitely (2022: 84%).

In addition, the group has not recognized net deferred tax assets of €17 million (2022: €21 million) relating to unused state tax losses in the U.S. Of these unused state tax losses, 35% expire within the next five years (2022: 23%) and 65% expire after five years (2022: 77%).

Deferred tax on items recognized immediately in other comprehensive income and equity

	2023			2022		
	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	(124)	0	(124)	216	4	220
Gains/(losses) on cash flow hedges	(7)	–	(7)	29	–	29
Remeasurement gains/(losses) on defined benefit plans	(1)	0	(1)	18	(5)	13
Recognized in other comprehensive income	(132)	0	(132)	263	(1)	262
Share-based payments	31	–	31	28	–	28
Recognized in equity	31	0	31	28	0	28

Note 23 – Inventories

	2023	2022
Work in progress	27	27
Finished products and trade goods	57	52
Total	84	79

Material accounting policy information

Inventories also include internally developed commercial software products. The cost of internally produced goods includes the development, manufacturing, content-creation, and publishing costs.

At December 31, 2023, the provision for obsolescence deducted from the inventory carrying values amounted to €17 million (2022: €18 million). In 2023, an amount of €4 million was recognized as an expense for the change in the provision for obsolescence (2022: €5 million) and is presented as part of cost of revenues in the consolidated statement of profit or loss.

Note 24 – Contract assets and liabilities

	2023	2022
Trade receivables	1,087	1,088
Non-current contract assets	18	17
Current contract assets	160	153
Non-current deferred income	102	112
Current deferred income	1,899	1,858
Other current contract liabilities	86	88

Material accounting policy information

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.

Notes to the consolidated financial statements continued

Note 24 – Contract assets and liabilities continued

Unbilled revenues and deferred income

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 customer's payment. If the value of the services rendered by the group exceeds the invoiced amounts, unbilled revenues are recognized. If the invoiced amounts exceed the value of services rendered, deferred income is recognized.

Unbilled revenues are 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.

Deferred income 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 revenues by means of the delivery of goods and/or services in the future. Deferred income is recognized at its nominal value.

For contracts whereby neither party has performed, trade receivables and deferred income balances are presented on a net basis.

Cost to obtain a contract

Incremental costs 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 costs to fulfill a revenue contract with a customer (e.g., costs that are explicitly chargeable to the customer under the contract, set-up costs, 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.

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

Costs to obtain a contract – capitalized sales commissions

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.

Impairment

Any impairment of assets relating to contracts with customers is measured, presented, and disclosed in accordance with IFRS 9. 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, adjusted as appropriate to reflect the current conditions and estimates of future economic conditions. 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 is available to conclude otherwise. The group presents its impairment losses in the notes to the consolidated financial statements.

General

In general, the group applies payment terms in line with common industry practice. There are no significant contracts with a material financing component. There are contracts with variable consideration, but the related estimates are almost never constrained.

Most of the contracts with customers require prepayment of the consideration.

Within the CT Corporation business of Financial & Corporate Compliance, the group acts as an agent between the customer and governmental organizations in the U.S. for some costs that are explicitly chargeable to the customer under the contract.

Trade receivables and unbilled revenues are shown net of impairment losses amounting to €85 million (2022: €85 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 allowances

		2023	2022
Position at January 1		85	83
Additions to loss allowances	Note 9	34	33
Releases from loss allowances	Note 9	(11)	(12)
Usage of loss allowances		(22)	(22)
Foreign exchange differences		(1)	3
Position at December 31		85	85

For further information on credit risk, refer to Note 29 – Financial risk management.

Notes to the consolidated financial statements continued

Note 24 – Contract assets and liabilities continued

Contract assets

<i>current and non-current</i>	Unbilled revenues	Cost to obtain a contract	Cost to fulfill a contract	2023	2022
Position at January 1	101	41	28	170	157
Recognized as revenues in the year	502	–	–	502	465
Newly recognized cost to fulfill a contract	–	–	519	519	473
Transferred to trade receivables	(501)	–	(506)	(1,007)	(932)
Newly recognized cost to obtain a contract	–	30	–	30	28
Amortization of capitalized sales commissions	<i>Note 9</i>	(29)	–	(29)	(29)
Autonomous movements in contract assets	1	1	13	15	5
Acquired through business combinations	<i>Note 8</i>	–	–	0	1
Foreign exchange differences	(5)	(1)	(1)	(7)	7
Position at December 31	97	41	40	178	170

The group did not recognize an impairment on the unbilled revenues during the year (2022: nil).

Deferred income

<i>current and non-current</i>	2023	2022
Position at January 1	1,970	1,822
New and existing contracts with customers	4,300	3,944
Recognized as revenues from opening balance	(1,858)	(1,709)
Recognized as revenues in the year on new and existing contracts	(2,309)	(2,137)
Change in netting against trade receivables	(53)	(25)
Autonomous movements in deferred income	80	73
Acquired through business combinations	<i>Note 8</i>	6
Foreign exchange differences	(55)	75
Position at December 31	2,001	1,970

No material amount of revenues was recognized in 2023 from performance obligations satisfied or partially satisfied in previous years because of events such as changes in transaction price. Furthermore, the group did not have material changes in deferred income because of contract modifications or changes in estimates.

The aggregate amount of the transaction price allocated to the remaining performance obligations that are unsatisfied at year-end 2023 was €4,402 million (2022: €4,055 million), of which €2,287 million was included in deferred income (2022: €1,970 million). The unfulfilled performance obligations not recognized in deferred income relate to multi-year contracts agreed with customers, whereby the group expects to satisfy these performance obligations for a large part within one year and for the remainder between one to five years.

Other contract liabilities

	2023	2022
Position at January 1	88	80
Additions to provision for returns, refunds, and other	121	140
Usage of provision for returns, refunds, and other	(121)	(136)
Autonomous movements in other contract liabilities	0	4
Acquired through business combinations	<i>Note 8</i>	–
Foreign exchange differences	(2)	3
Position at December 31	86	88

Note 25 – Other receivables

	2023	2022
Prepaid royalties	14	16
Non-current other receivables	14	16
Prepaid royalties	56	55
Other prepayments	116	157
VAT, sales tax, and other taxation	16	19
Miscellaneous receivables	10	13
Interest receivable	2	5
Derivative financial instruments	<i>Note 29</i>	2
Current other receivables	202	250

Notes to the consolidated financial statements continued

Note 26 – Cash and cash equivalents

	2023	2022
Deposits	649	909
Cash and bank balances	486	437
Total cash and cash equivalents in the consolidated statement of financial position	1,135	1,346
Minus: Bank overdrafts used for cash management purposes <i>Note 28</i>	(146)	(16)
Total cash and cash equivalents minus bank overdrafts	989	1,330

Material accounting policy information

Cash and cash equivalents comprise cash and bank balances, and deposits that are held as part of the group's cash management for the purpose of meeting short-term cash commitments.

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 €1 million (2022: €0 million) relates to cash and cash equivalent balances of entities that the group does not fully own.

At December 31, 2023, bank balances include an amount of €48 million (2022: €38 million) of restricted cash, primarily due to local exchange control regulations that restrict exporting cash and/or capital from the relevant country.

Note 27 – Trade and other payables

	2023	2022
Trade payables	165	147
Salaries, holiday allowances, and other benefits	285	276
VAT, sales tax, social security premiums, and other taxation	91	95
Pension-related payables	28	28
Royalty payables	87	88
Other accruals and payables	295	315
Interest payable	42	39
Deferred and contingent acquisition payables <i>Note 29</i>	4	2
Total	997	990

Note 28 – Net debt

<i>in millions of euros, unless otherwise stated</i>	Nominal value	Effective interest rate in %	Nominal interest rate in %	Repayment commitments 1-5 years	Repayment commitments >5 years	2023	2022
Bonds 2008-2028 (100.00 [*])	€36	6.812	6.748	36	–	36	36
Bonds 2014-2024 (99.164 ^{**})	€400	2.640	2.500	–	–	0	399
Bonds 2017-2027 (99.659 [*])	€500	1.575	1.500	499	–	499	499
Bonds 2020-2030 (99.292 [*])	€500	0.862	0.750	–	496	496	496
Bonds 2021-2028 (99.958 [*])	€500	0.307	0.250	499	–	499	498
Bonds 2022-2026 (99.922 [*])	€500	3.096	3.000	499	–	499	498
Bonds 2023-2031 (99.417 [*])	€700	3.877	3.750	–	694	694	–
Bonds, measured at amortized cost				1,533	1,190	2,723	2,426
Private placements 2008-2038, measured at amortized cost				–	127	127	142
Deferred and contingent acquisition payables, measured at fair value				1	–	1	2
Other debt, measured at amortized cost				21	–	21	16
Derivative financial instruments, measured at fair value ^{***}				–	5	5	–
Other long-term debt				22	5	27	18
Total long-term debt (excluding lease liabilities)				1,555	1,322	2,877	2,586
Lease liabilities ^{****}						209	244
Total long-term debt						3,086	2,830

* Issue price of the financial instrument.

** These bonds are classified as short-term bonds. Refer also to the table on the following page.

*** For further details on these debt-related derivative financial instruments, refer to *Note 29 – Financial risk management*.

**** For the repayment commitments of lease liabilities, refer to *Note 19 – Leasing*.

Notes to the consolidated financial statements continued

Note 28 – Net debt continued

Reconciliation long-term debt to net debt

	2023	2022
Total long-term debt	3,086	2,830
<i>Borrowings and bank overdrafts:</i>		
Euro Commercial Paper program	50	–
Bank overdrafts, measured at amortized cost <i>Note 26</i>	146	16
Total borrowings and bank overdrafts	196	16
Bonds 2013-2023	–	700
Bonds 2014-2024	400	–
Short-term lease liabilities	63	69
Deferred and contingent acquisition payables measured at fair value <i>Note 29</i>	4	2
Total short-term debt	663	787
Gross debt	3,749	3,617
<i>Minus:</i>		
Cash and cash equivalents <i>Note 26</i>	(1,135)	(1,346)
<i>Derivative financial instruments:</i>		
Non-current assets <i>Note 21</i>	–	(17)
Current assets <i>Note 25</i>	(2)	(1)
Net debt	2,612	2,253

Material accounting policy information

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- and short-term debt, and trade payables.

Reconciliation of liabilities arising from financing activities

Gross debt, excluding lease liabilities, derivative financial instruments, and bank overdrafts

	Balance at January 1, 2023	Net cash flows	Acquisitions/ Divestments	Unwinding of discount	Foreign exchange differences	Other non-cash movements	Balance at December 31, 2023
Bonds	3,126	(4)	–	3	–	(2)	3,123
Private placements	142	–	–	0	(15)	–	127
Other gross debt	20	55	1	–	0	–	76
Total	3,288	51	1	3	(15)	(2)	3,326

	Balance at January 1, 2022	Net cash flows	Acquisitions/ Divestments	Unwinding of discount	Foreign exchange differences	Other non-cash movements	Balance at December 31, 2022
Bonds	2,625	500	–	3	–	(2)	3,126
Private placements	153	–	–	0	(11)	–	142
Other gross debt	12	5	2	–	1	–	20
Total	2,790	505	2	3	(10)	(2)	3,288

Lease liabilities

<i>current and non current</i>	2023	2022
Position at January 1	313	331
Additions from new leases	27	27
Acquired through business combinations <i>Note 8</i>	0	2
Contract modifications and reassessments of options	4	10
Repayment of lease liabilities (interest and principal portion)	(74)	(80)
Unwinding of discount of lease liabilities <i>Note 14</i>	9	9
Foreign exchange differences	(7)	14
Position at December 31	272	313

For material accounting policy information and estimates and judgments on lease liabilities, refer to *Note 19 – Leasing*.

Notes to the consolidated financial statements continued

Note 28 – Net debt continued

Loan maturity

The following amounts of gross debt (excluding lease liabilities) at December 31, 2023, are due within and after five years:

	2023
2025	12
2026	509
2027	499
2028	535
Due after 2028	1,322
Long-term debt	2,877
Short-term debt (2024)	600
Total (excluding lease liabilities)	3,477

At December 31, 2022, €718 million was short-term debt, €1,414 million was due in 2024, 2025, 2026, and 2027, and €1,172 million was due after 2027.

Financial liabilities measured at amortized cost

Bonds

The group has senior bonds outstanding for an amount of €3,123 million at December 31, 2023 (2022: €3,126 million). The nominal interest rates on the bonds are fixed until redemption.

On March 27, 2023, the group issued a €700 million eight-year senior unsecured Eurobond. The bonds were sold at an issue price of 99.417 percent and carry an annual coupon of 3.750 percent. The senior unsecured bonds will mature on April 3, 2031. The net proceeds of the offering are 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 the 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, 2023 (2022: no collateral outstanding).

Multi-currency revolving credit facility

The group has a €600 million multi-currency revolving credit facility, which will mature in 2025. This facility has multi-year environmental, social, and governance KPIs, which are linked to the interest rates in the facility. The interest rates in the facility are variable. The facility is used for general corporate purposes.

At December 31, 2023, no amounts were drawn under the facility (December 31, 2022: no amounts drawn). The facility is subject to customary conditions, including a financial credit covenant. The facility covenant requires that the consolidated net senior borrowings (excluding fully subordinated debt) to adjusted EBITDA shall not exceed 3.5. In 2023 and 2022, the group was comfortably within the thresholds stipulated in the financial covenant of the 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, 2023, €50 million of ECP notes were outstanding (2022: no ECP notes outstanding).

Defaults and/or breaches

There were no defaults or breaches on the loans and borrowings during 2023 or 2022.

Note 29 – 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 are 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 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 group's Internal Control Framework, the financial reporting controls, including policies 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.

Notes to the consolidated financial statements continued

Note 29 – Financial risk management continued

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, 2023, the net-debt-to-EBITDA ratio was 1.5 (2022: 1.3).

All treasury activities, in particular the use of derivative financial instruments, are subject to the principle of risk minimization and are executed by specialized 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 exposures 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's activities has not significantly changed, nor has 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 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 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.

Translation risk is the risk that exchange rate gains or losses arise from translating the statements of profit or loss, cash flows, and financial position 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 translation exposures which impact the consolidated statements of financial

position and/or profit or loss by 10% or more are considered material. The currency translation exposure on the consolidated 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.

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.

Hedge accounting

Material accounting policy information

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 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, and accumulated in the hedge reserve within total equity. Amounts accumulated in the hedge reserve are reclassified to profit or loss within the line where the result from the hedged transaction is recognized, in the same period the hedged item affects the profit or loss.

Notes to the consolidated financial statements continued

Note 29 – Financial risk management continued

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 only 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 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.

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.

Net investment hedge

The group partially protects total equity from 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 items. 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 recognized in other comprehensive income.

The group had U.S. dollar forward contracts outstanding for a total notional amount of €249 million (\$275 million) at December 31, 2023 (2022: €258 million or \$275 million). These hedges created a U.S. dollar balance sheet cover with a future settlement date, recognized as a financial asset with a fair value of €2 million at December 31, 2023.

The group had U.S. dollar liabilities outstanding for a total notional amount of €432 million (\$477 million) at December 31, 2023 (2022: €473 million or \$505 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 11% (2022: 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 (2023 and 2022: ¥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 from 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 2023, the group swapped 88% (2022: 74%) of the net financing results of €27 million (2022: €56 million) into U.S. dollars using foreign exchange derivatives of \$20 million (2022: \$40 million).

Sensitivity

Based on the percentage of 88% for net financing results payable in U.S. dollars, an instantaneous 1% decline of the U.S. dollar against the euro at December 31, 2023, with all other variables held constant, would result in a decrease of approximately €0.2 million in net financing results (2022: €0.4 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 2023, the group did not record ineffectiveness because of hedging activities (2022: 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.

Notes to the consolidated financial statements continued

Note 29 – Financial risk management continued

Currency risk sensitivity

The following table details the group's sensitivity to a 1% weakening of the U.S. dollar against the euro:

	2023	2022
Revenues	(38)	(37)
Adjusted operating profit	(13)	(12)
Operating profit	(12)	(11)
Adjusted net profit	(8)	(8)
Profit for the year	(8)	(7)
Shareholders' equity at December 31	(36)	(38)
Adjusted free cash flow	(11)	(12)

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, 2023, and an instantaneous 1% increase of the U.S. dollar, Japanese yen, and euro interest rates:

<i>in millions, unless otherwise stated</i>	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	(1)	(1)
Net investment hedge	Changes of the U.S. dollar net investments due to fluctuations of U.S. dollar exchange rates	\$275	Forward contracts	2	0

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, 2023, the group's interest rate position (excluding cash and cash equivalents and lease liabilities) was 99% (2022: 100%) 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, 2023, with all other variables held constant, would hardly result, on an annual basis, in an increase of net financing results (identical at December 31, 2022).

During 2023, there were no IBOR-replacements that impacted the results for the group.

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 derivative financial assets, minus other short-term debt, current deferred acquisition payables, current derivative financial liabilities, and bank overdrafts).

Per December 31, 2023, the group has access to the unused part of the committed credit facilities of €600 million in total (2022: €600 million), cash and cash equivalents of €1,135 million (2022: €1,346 million), and has derivative financial assets totaling €2 million (2022: €18 million), minus other short-term debt, current deferred and contingent acquisition payables, bank overdrafts, Euro Commercial Paper, and current derivative financial liabilities totaling €200 million (2022: €18 million). The headroom was €1,537 million at year-end 2023 (2022: €1,946 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 19 – Leasing*.

Notes to the consolidated financial statements continued

Note 29 – Financial risk management continued

Contractual cash flows 2023

	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)						
<i>Bonds:</i>						
Bonds 2008-2028	36	47	2	2	43	–
Bonds 2014-2024	400	410	410	–	–	–
Bonds 2017-2027	499	531	8	8	515	–
Bonds 2020-2030	496	527	4	4	11	508
Bonds 2021-2028	499	506	1	1	504	–
Bonds 2022-2026	499	545	15	15	515	–
Bonds 2023-2031	694	910	26	26	79	779
<i>Private placements:</i>						
Private placements 2008-2038	127	189	4	4	13	168
Long- and short-term deferred and contingent acquisition payables	5	5	4	1	–	–
Other debt	21	21	–	11	10	–
Borrowings and bank overdrafts	196	196	196	–	–	–
Trade payables	183	183	183	–	–	–
Total	3,655	4,070	853	72	1,690	1,455
Derivative financial instruments						
(Receipts)		(252)	(252)			
Payments		249	249			
Foreign exchange derivatives	(2)	(3)	(3)	0	0	0
(Receipts)		(189)	(4)	(4)	(13)	(168)
Payments		238	8	8	23	199
Cross-currency interest rate swaps	5	49	4	4	10	31
Total derivative financial liabilities/(assets)	3	46	1	4	10	31

Contractual cash flows 2022

	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)						
<i>Bonds:</i>						
Bonds 2008-2028	36	49	2	2	7	38
Bonds 2013-2023	700	720	720	–	–	–
Bonds 2014-2024	399	420	10	410	–	–
Bonds 2017-2027	499	539	8	8	523	–
Bonds 2020-2030	496	530	4	4	11	511
Bonds 2021-2028	498	507	1	1	4	501
Bonds 2022-2026	498	560	15	15	530	–
<i>Private placements:</i>						
Private placements 2008-2038	142	216	5	5	14	192
Long- and short-term deferred and contingent acquisition payables	4	4	2	2	–	–
Other debt	16	16	–	8	8	–
Borrowings and bank overdrafts	16	16	16	–	–	–
Trade payables	147	147	147	–	–	–
Total	3,451	3,724	930	455	1,097	1,242
Derivative financial instruments						
(Receipts)		(260)	(260)			
Payments		258	258			
Foreign exchange derivatives	(1)	(2)	(2)	0	0	0
(Receipts)		(216)	(5)	(5)	(14)	(192)
Payments		245	8	8	23	206
Cross-currency interest rate swaps	(17)	29	3	3	9	14
Total derivative financial liabilities/(assets)	(18)	27	1	3	9	14

Notes to the consolidated financial statements continued

Note 29 – 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, unbilled revenues, and investments in debt securities. The carrying amount of non-derivative financial assets represents the maximum credit exposure and amounted to €2,347 million at December 31, 2023 (2022: €2,572 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, 2023, there were no material credit risk concentrations outstanding while the average weighted credit rating of counterparties was A+ (2022: 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 and unbilled revenues

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.

At December 31, 2023, the loss allowances on trade receivables and unbilled revenues amounted to €85 million. The majority of these loss allowances relate to trade receivables that are overdue for more than one year, as legislation in various countries does not allow a write-off until a certain number of years is passed.

The trade receivables and unbilled revenues that are not overdue for more than one year or have no specific impairment risk have sound creditworthiness and meet the credit rating grades as defined in the internal policy for assessing the impairment of financial assets. For each trade receivable less than one year overdue, there is a loss allowance of at least 0.5% of the outstanding balance.

For material accounting policy information and estimates and judgments applied in determining the loss allowances on trade receivables and unbilled revenues, refer to *Note 9 – Sales costs* and *Note 24 – Contract assets and liabilities*.

Notes to the consolidated financial statements continued

Note 29 – 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.

	2023		2022			2022	
	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*	97	97				101	101
Trade receivables*	1,087	1,087				1,088	1,088
Miscellaneous receivables*	10	10				13	13
Interest receivable*	2	2				5	5
Cash and cash equivalents*	1,135	1,135				1,346	1,346
Total non-derivative financial assets	2,331	2,331			0	2,553	2,553
Bonds 2008-2028	36	41	41			36	41
Bonds 2013-2023	–	–				700	701
Bonds 2014-2024	400	398	398			399	396
Bonds 2017-2027	499	479	479			499	459
Bonds 2020-2030	496	435	435			496	399
Bonds 2021-2028	499	449	449			498	417
Bonds 2022-2026	499	501	501			498	489
Bonds 2023-2031	694	727	727			–	–
Private placements 2008-2038	127	149		149		142	172
Long- and short-term deferred and contingent acquisition payables	5	5			5	4	4
Other debt*	21	21				16	16
Borrowings and bank overdrafts*	196	196				16	16
Trade payables*	183	183				147	147
Interest payable*	42	42				39	39
Total non-derivative financial liabilities	3,697	3,626	3,030	149	5	3,490	3,296
Derivative financial instruments:							
Non-current assets	–	–				17	17
Current assets	2	2		2		1	1
Total derivative financial assets	2	2		2		18	18
Non-current liabilities	5	5		5		–	–
Total derivative financial liabilities	5	5		5		0	0

* Fair value approximates the carrying amount.

Notes to the consolidated financial statements continued

Note 29 – Financial risk management continued

Fair value hierarchy

The fair values have 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 analyses, using data input of observable financial markets and financial institutions; and
- Level 3: inputs that are not based on observable market data. The valuation method can be based on discounted cash flow analyses, or other models that are substantially identical.

There has been no change in the fair value hierarchy compared to 2022.

The Level 3 fair value movements in non-derivative financial liabilities are as follows:

		2023	2022
Balance at January 1		4	2
Acquired through business combinations	Note 8	4	3
Settlements	Note 8	(3)	(1)
Fair value changes of contingent considerations	Note 11	0	0
Foreign exchange differences		0	0
Balance at December 31		5	4

Deferred and contingent acquisition payables

Material accounting policy information

Non-derivative financial liabilities at fair value through profit or loss comprise deferred and contingent considerations and are measured at fair value. Changes therein are recognized in profit or loss. 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 increase (or decrease) if assumptions change.

The fair value of the deferred and contingent acquisition payables balance amounted to €5 million (2022: €4 million) and can be presented as follows:

	Fair value December 31, 2023	Of which: short term	Of which: long term	Maximum exposure (undiscounted)	Fair value December 31, 2022
Total	5	4	1	5	4

Note 30 – Employee benefits

	2023	2022
Retirement plans	29	34
Other post-employment benefit plans	45	44
Other long-term employment benefits	7	7
Total	81	85

Material accounting policy information

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as employee benefit 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.

Notes to the consolidated financial statements continued

Note 30 – Employee benefits continued

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.

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 U.S., 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. and the U.K. These plans have no more annual service costs.

Notes to the consolidated financial statements continued

Note 30 – Employee benefits continued

In addition to the retirement plans and other post-employment plans, the group has other long-term employment benefit plans in Australia, Belgium, France, Germany, India, Japan, Mexico, the Netherlands, New Zealand, Poland, and the U.S.

Retirement plans

The group has its largest defined benefit retirement plan in the Netherlands with defined benefit obligations of €1.1 billion as of December 31, 2023, followed by the United Kingdom and the United States with defined benefit obligations of €81 million and €67 million, respectively. There are also retirement plans in Belgium, Canada (wound up in 2022), 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-based 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 139.2% (these are year- and plan-specific).

The Dutch pension scheme has an unaudited 12-month rolling average coverage ratio of 127.5% at December 31, 2023 (2022: 129.4%). 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 24.5% of base salary for 2023, 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 interests 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 interests 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. A 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, 2023, the future deficit contribution commitments were not larger than the surplus in the U.K. plan and therefore there was no additional balance sheet liability recognized in respect of these contributions (2022: no additional balance sheet liability).

Other post-employment plans

Other post-employment plans exist in the U.S., 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 was 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 – Employee Benefits. 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 U.S., 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.

Notes to the consolidated financial statements continued

Note 30 – Employee benefits continued

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 (or €21 million at December 31, 2023), with a positive pledge issued by a Wolters Kluwer U.K. group company in the event of paying dividends and/or repaying intercompany loans. 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 and guarantees 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.

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:

<i>in %</i>	2023	2022
Retirement plans		
Discount rate to discount the obligations at year end	3.3	3.9
Discount rate for pension expense	3.9	1.3
Expected rate of pension increases (in payment) at year end	2.6	3.1
Expected rate of pension increases (in deferral) at year end	2.5	3.1
Expected rate of inflation increase for pension expense	2.1	2.3
Other post-employment benefit plans		
Discount rate to discount the obligations at year end	4.3	4.6
Discount rate for pension expense	4.6	2.1
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 2022, including fund specific 2022 experience loading (2022: AG projection table 2022, including fund-specific 2022 experience loading);
- U.S.: Pri-2012 Mortality Table with MP 2021 projections, being the current standard mortality table (2022: Pri-2012 Mortality Table with MP 2021 projections); and
- U.K.: SAPS S3 (Year of Birth) CMI 2022 projections with 1.25% long-term improvement rate (2022: 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.

Notes to the consolidated financial statements continued

Note 30 – Employee benefits continued

The current life expectancies underlying the value of the defined benefit retirement obligations at December 31, 2023, are as follows:

<i>in years</i>	The Netherlands	United States	United Kingdom
Life expectancy at age of 65 now – Male	21.8	20.6	22.2
Life expectancy at age of 65 now – Female	24.2	22.6	24.0
Life expectancy aged 65 in 20 years – Male	23.8	22.7	23.3
Life expectancy aged 65 in 20 years – Female	26.2	25.0	25.3

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.

Sensitivity retirement plans

	Gross service cost (excluding interest)		Defined benefit obligations	
Change compared to baseline	Decrease of assumption	Increase of assumption	Decrease of assumption	Increase of assumption
2023 Baseline		19		1,352
Discount rate (change by 1%)	7	(5)	243	(189)
Pension increase rate (change by 0.5%)	(2)	3	(91)	103
Inflation increase rate (change by 0.5%)	(3)	4	(114)	131
Mortality table (change by one year)	–	1	(69)	54

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 2023, this resulted in a Dutch pension increase assumption of 2.55% compared to 3.11% at year-end 2022.

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

	Gross service costs (excluding interest)	Defined benefit obligations
2023 Baseline	1	45
Change compared to baseline		
Discount rate (by -1%)	0	(4)
Discount rate (by +1%)	0	3

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% (2022: 3%) according to the plan rules. The main U.S. medical plan is therefore hardly sensitive to medical cost increases.

Notes to the consolidated financial statements continued

Note 30 – Employee benefits continued

Plan liabilities and plan assets

	Defined benefit retirement plans		Other post-employment plans	
	2023	2022	2023	2022
Plan liabilities				
Fair value at January 1	1,263	1,645	44	52
Settlements	–	(2)	–	–
Employer service cost	13	19	1	1
Interest expense on defined benefit obligations	48	24	2	1
Administration costs and taxes	2	2	–	–
Benefits paid by fund	(54)	(50)	–	–
Benefits paid by employer	–	–	(3)	(4)
Remeasurement (gains)/losses	78	(386)	2	(8)
Acquired through business combinations	–	–	0	–
Contributions by plan participants	4	3	–	–
Plan amendments and curtailments	–	7	–	–
Foreign exchange differences	(2)	1	(1)	2
Fair value at December 31	1,352	1,263	45	44
Plan assets				
Fair value at January 1	1,240	1,641	0	0
Settlements	–	(2)	–	–
Interest income on plan assets	47	24	–	–
Return on plan assets greater than discount rate	82	(390)	–	0
Benefits paid by fund	(54)	(50)	(3)	(4)
Contributions by employer	19	13	3	4
Contributions by plan participants	4	3	–	–
Foreign exchange differences	(1)	1	–	–
Fair value at December 31	1,337	1,240	0	0
Funded status				
Deficit/(surplus) at December 31	15	23	45	44
Irrecoverable surplus	14	11	–	–
Net liability at December 31	29	34	45	44

	Defined benefit retirement plans		Other post-employment plans	
	2023	2022	2023	2022
Pension expenses				
Employer service cost	13	19	1	1
Settlement gain	–	0	–	–
Past service costs – plan amendment	–	7	–	–
Interest expense on irrecoverable surplus	0	0	–	–
Interest expense on defined benefit obligations	48	24	2	1
Interest income on plan assets	(47)	(24)	–	–
Administration costs and taxes	2	2	0	–
Total pension expense	16	28	3	2
<i>Of which is included in:</i>				
Employee benefit expenses	Note 12	15	28	1
Other finance (income)/costs	Note 14	1	0	2

In 2023, there was an asset ceiling in the U.K. pension plan of €13 million (2022: €10 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 (2022: no liability).

Plan amendments

In 2022, the Dutch pension fund decided to increase the accrual rate as of January 1, 2023, from 1.58% to 1.875%. The 2022 decision on the higher accrual rate resulted in a plan amendment loss of €7 million on the defined benefit obligations.

Employer contributions

The group's employer contributions to be paid to the defined benefit retirement plans in 2024 are estimated at €10 million (2023: actual employer contributions of €19 million).

Notes to the consolidated financial statements continued

Note 30 – Employee benefits continued

Remeasurements

The pre-tax cumulative amount of remeasurement gains/losses recognized in the consolidated statement of comprehensive income is as follows:

	2023	2022
Position at January 1	(120)	(138)
Recognized in other comprehensive income	(1)	18
Cumulative amount at December 31	(121)	(120)

Remeasurement gains/(losses) for the year

	2023	2022
Remeasurement gains/(losses) due to experience adjustments	(62)	(17)
Remeasurement gains/(losses) due to changes in demographic assumptions	3	(11)
Remeasurement gains/(losses) due to changes in financial assumptions	(21)	422
Remeasurement gains/(losses) on defined benefit obligations	(80)	394
Return on plan assets greater/(lower) than discount rate	82	(390)
Change in irrecoverable surplus, other than interest and foreign exchange differences	(3)	14
Recognized remeasurement gains on defined benefit plans in other comprehensive income	(1)	18

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.

The actual consolidated return on plan assets for the year ended December 31, 2023, was a gain of €129 million (2022: loss of €366 million).

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:

<i>number of years</i>	2023	2022
Retirement plans		
The Netherlands	16.7	16.9
United Kingdom	11.5	11.4
United States	9.3	9.8
Other post-employment plans		
United States	6.7	7.1

Investment mix

The breakdown of plan assets as of December 31 is as follows:

	2023	Quoted	Unquoted	2022	Quoted	Unquoted
Equity						
Equity	355	355	–	333	333	–
Private equity	1	–	1	2	–	2
Bonds						
Government bonds	476	476	–	406	406	–
Corporate bonds	183	183	–	194	194	–
Other bonds	11	11	–	–	–	–
Asset-backed securities	87	87	–	90	90	–
Other						
Insurance contracts	130	–	130	124	–	124
Real estate	93	42	51	95	39	56
Derivatives and other securities	(20)	(20)	–	(32)	(32)	–
Cash	21	21	–	28	28	–
Total	1,337	1,155	182	1,240	1,058	182

At December 31, 2023, 86% of the plan assets relate to quoted financial instruments (2022: 85%). 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.

Notes to the consolidated financial statements continued

Note 30 – Employee benefits continued

Proportion of plan assets

in %	2023	2022
Equity	27	27
Bonds	57	56
Other	16	17
Total	100	100

Note 31 – Provisions

	2023	2022
Provision for restructuring commitments	7	5
Provision for acquisition integration	1	0
Restructuring provisions	8	5
Legal provisions	12	13
Other provisions	6	6
Total	26	24
Of which short term	21	19

Material accounting policy information

Restructuring provisions

The restructuring provisions include liabilities arising from changes in the organizational structure, integration of activities following an acquisition, expected redundancy payments, and onerous contracts.

Legal provisions

For legal and judicial proceedings against the group, a legal provision is recognized only if both 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 leases.

Estimates and judgments

Legal provisions

The group is involved in legal and judicial proceedings in the ordinary course of business. Provisions and contingencies related to these matters are periodically assessed based on the latest information available, usually after consultation with and the assistance of lawyers and other specialists.

The prediction of the outcome and the assessment of a possible loss by management are based on management's judgments and estimates. The actual outcome of a proceeding or claim may differ from the estimated liability.

Refer to Note 36 – Commitments, contingent assets, and contingent liabilities.

Movements in provisions

	Restructuring provisions	Legal provisions	Other provisions	2023	2022
Long-term provisions at January 1	1	0	4	5	7
Add: short-term provisions	4	13	2	19	27
Total provisions at January 1	5	13	6	24	34
Movements					
Additions for restructuring of stranded costs <i>Note 8</i>	–	–	–	0	2
Additions for acquisition integration <i>Note 11</i>	4	–	–	4	3
Other additions	8	1	1	10	9
Total additions	12	1	1	14	14
Appropriation of provisions	(9)	(1)	0	(10)	(15)
Release of provisions	0	(1)	(1)	(2)	(9)
Exchange differences	0	0	0	0	0
Total movements	3	(1)	0	2	(10)
Total provisions at December 31	8	12	6	26	24
Less: short-term provisions	(8)	(11)	(2)	(21)	(19)
Long-term provisions at December 31	0	1	4	5	5

Notes to the consolidated financial statements continued

Note 32 – 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 August 31, 2023, the company completed the reduction in ordinary share capital approved by shareholders at the Annual General Meeting of Shareholders held on May 10, 2023. In 2023, the company canceled 9,000,000 ordinary shares to the amount of €947 million previously held as treasury shares (2022: 5,000,000 ordinary shares were canceled to the amount of €451 million). Consequently, in 2023, the total number of issued ordinary shares is reduced to 248,516,153 with a nominal value of €30 million (2022: 257,516,153 shares with a nominal value of €31 million).

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	
<i>in thousands of shares, unless otherwise stated</i>	2023	2022	2023	2022	2023	2022
At January 1	257,516	262,516	(8,802)	(4,324)	248,714	258,192
Cancellation of shares	(9,000)	(5,000)	9,000	5,000	0	0
Repurchased shares	–	–	(8,738)	(10,128)	(8,738)	(10,128)
Long-term incentive plan	–	–	535	650	535	650
At December 31	248,516	257,516	(8,005)	(8,802)	240,511	248,714
Issued share capital at €0.12 (€'000)	29,822	30,902				
Proposed dividend per share (€)					2.08	1.81
Proposed dividend distribution (€'000)					502,722	453,421

Treasury shares

Shares repurchased by the company are added to and held as treasury shares. Treasury shares are measured at cost, representing the market price on the acquisition date. The treasury share reserve is not available for distribution. Treasury shares are deducted from retained earnings. The group offsets the dilution of its performance share issuance annually via share repurchases. A part of the treasury shares is retained and used to meet future obligations under share-based incentive schemes.

In 2023, the group executed a share buyback of €1,000 million (2022: €1,000 million). The group repurchased 8.7 million (2022: 10.1 million) of ordinary shares under this program at an average stock price of €114.44 (2022: €98.75). In 2023, the group used 0.5 million shares held in treasury for the vesting of the LTIP grant 2020-22.

In October 2023, the company signed a mandate to execute up to €100 million in share buybacks for the period starting January 2, 2024, up to and including February 19, 2024.

Notes to the consolidated financial statements continued

Note 32 – Capital and reserves continued

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 declaration. 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 €2.08 per share over financial year 2023 (dividend over financial year 2022: €1.81 per share).

The group applies a semi-annual dividend policy. On February 20, 2023, the Supervisory Board and the Executive Board resolved to distribute an interim dividend of €0.72 per share, equal to 40% of prior year's dividend (2022 interim dividend: 40% of prior year's dividend). The interim dividend of €176 million was paid on September 21, 2023. Subject to the approval of the Annual General Meeting of Shareholders, a final dividend of €324 million, or €1.36 per ordinary share, will be paid in cash on June 4, 2024. Refer also to *Note 49 – Profit appropriation*.

Dividend distributions over financial year

	2023	2022	2021
Originally proposed dividend over financial year	503	453	405
<i>Actual payments:</i>			
Interim dividend (paid in the financial year)	176	160	140
Final dividend (paid in the subsequent financial year)		291	264
Total dividend distribution		451	404

In 2023, dividends paid to the shareholders of the company amounted to €467 million, or €1.90 per ordinary share, consisting of €176 million interim dividend 2023, or €0.72 per ordinary share, and €291 million final dividend 2022, or €1.18 per ordinary share. In 2022, dividends paid to the shareholders of the company amounted to €424 million, or €1.66 per ordinary share, consisting of €160 million interim dividend 2022, or €0.63 per ordinary share, and €264 million final dividend 2021, or €1.03 per ordinary share.

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 46 – Shareholders' equity*.

Notes to the consolidated financial statements continued

Note 33 – Share-based payments

	2023	2022
Long-term incentive plan	29	28
Restricted Stock Units	2	–
Total equity-settled share-based payments	31	28

Long-term incentive plan

Material accounting policy information

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 2020-22.

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 in each year is adjusted for actual forfeitures due to participants' resignations before the vesting date and for 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 (for EPS- and ROIC-conditions) and non-market performance conditions at the vesting date.

LTIP – 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.

LTIP – Diluted (adjusted) EPS-condition and ROIC-condition

The fair values of the shares based on the non-market performance conditions of diluted (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.

General

For the Executive Board, the LTIP awards depend partially on TSR performance (50% of the value of the conditionally awarded rights on shares) and partially on EPS performance (50% of the value of the conditionally awarded rights on shares). For senior management, the LTIP awards depend partially on TSR performance (50% of the conditionally awarded rights on shares) and partially on EPS performance (50% of the conditionally awarded rights on shares).

The LTIP 2021-23, 2022-24, and 2023-25 awards are based on TSR performance (weighting of 50%), diluted adjusted EPS performance (weighting of 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.

In 2023, €29 million has been recognized within employee benefit expenses in profit or loss (2022: €28 million) related to the total cost of the LTIP grants for 2021-23, 2022-24, and 2023-25. Refer to Note 12 – Employee benefit expenses.

Conditionally awarded TSR-related LTIP shares

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. For the conditional TSR awards, 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 expense of TSR-related LTIP is recognized ratably in profit or loss over the performance period. Actual awards at the end of the performance period range from 0% to 150% of the norm payout.

There are no payouts 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 diluted (adjusted) EPS- and ROIC-related LTIP shares

For the diluted (adjusted) EPS- and ROIC-related shares, there are no payouts if the performance over three years is less than 50% of the targets. In case of overachievement of the targets, the Executive Board and senior management can earn up to a maximum of 150% of the conditionally awarded shares.

Notes to the consolidated financial statements continued

Note 33 – Share-based payments continued

Key assumptions to the TSR shares

The fair value of TSR shares is calculated at the grant date using a Monte Carlo simulation model. The LTIP 2023-25 fair value is estimated to be €68.72 as of January 1, 2023.

The inputs to the valuation were the Wolters Kluwer share price of €97.76 on the grant date (January 1, 2023) and an expected volatility of 23.7% based on historical daily prices over the three years prior to January 1, 2022.

Dividends are assumed to increase annually (from the 2023 dividend) based on historical trends 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:

<i>in euros</i>	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 2023-25	91.37	–	68.72
LTIP 2022-24	97.82	–	71.71
LTIP 2021-23	64.06	–	47.03
LTIP 2020-22	–	60.68	40.85

The fair values of the conditionally awarded shares under the LTIP 2023-25 grants decreased compared to the prior year plan, mainly because of the lower share price of Wolters Kluwer at January 1, 2023, compared to January 1, 2022.

LTIP 2020-22

The LTIP 2020-22 vested on December 31, 2022. On TSR, Wolters Kluwer ranked third 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%.

A total of 535,063 shares were released on February 23, 2023. At that date, the volume-weighted-average share price of Wolters Kluwer N.V. was €109.9098.

LTIP 2020-22: number of shares vested and the cash equivalent thereof

<i>number of shares, unless otherwise stated</i>	Outstanding at December 31, 2022	Increase in conditional number of TSR shares (25%)	Increase in conditional number of EPS shares (50%)	Payout/ vested shares February 23, 2023	Cash value vested shares*
Executive Board	110,061	16,445	22,142	148,648	16,338
Senior management	280,967	35,139	70,309	386,415	42,471
Total	391,028	51,584	92,451	535,063	58,809

* Cash value in thousands of euros, calculated as the number of shares vested multiplied by the volume-weighted-average price on February 23, 2023.

LTIP 2021-23

The LTIP 2021-23 vested on December 31, 2023.

On TSR, Wolters Kluwer ranked third 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- and ROIC-related shares resulted in a payout of 150%.

The shares will be released on February 22, 2024. The volume-weighted-average price for the shares released will be based on the average exchange prices traded on the Euronext Amsterdam N.V. on February 22, 2024, the first day following the publication of the company's annual results.

Number of performance shares outstanding

LTIP 2021-23

<i>number of shares</i>	Total	Adjusted EPS- condition	ROIC- condition	TSR- condition
Conditionally awarded grant 2021	456,649	132,695	88,463	235,491
Forfeited in previous years	(37,909)	(11,359)	(7,576)	(18,974)
Shares outstanding at January 1, 2023	418,740	121,336	80,887	216,517
Forfeited during the year	(21,981)	(6,595)	(4,397)	(10,989)
Effect of 150% vesting – EPS-performance	57,440	57,440	–	–
Effect of 150% vesting – ROIC-performance	38,326	–	38,326	–
Effect of 125% vesting – TSR-ranking	51,424	–	–	51,424
Vested at December 31, 2023	543,949	172,181	114,816	256,952

Notes to the consolidated financial statements continued

Note 33 – Share-based payments continued

LTIP 2022-24

<i>base number of shares at 100% payout</i>	Total	Adjusted EPS- condition	ROIC- condition	TSR- condition
Conditionally awarded grant 2022	303,253	88,324	58,886	156,043
Forfeited in previous years	(562)	(169)	(112)	(281)
Shares outstanding at January 1, 2023	302,691	88,155	58,774	155,762
Forfeited during the year	(19,211)	(5,761)	(3,841)	(9,609)
Shares outstanding at December 31, 2023	283,480	82,394	54,933	146,153

LTIP 2023-25

<i>base number of shares at 100% payout</i>	Total	Adjusted EPS- condition	ROIC- condition	TSR- condition
Conditionally awarded grant 2023	338,699	98,605	65,708	174,386
Forfeited during the year	(989)	(297)	(198)	(494)
Shares outstanding at December 31, 2023	337,710	98,308	65,510	173,892

Overview of outstanding performance shares: LTIP 2022-24 and LTIP 2023-25

<i>base numbers of shares at 100% payout</i>	LTIP 2022-24	LTIP 2023-25	Total
Conditionally awarded grant 2022	303,253	–	303,253
Forfeited in previous years	(562)	–	(562)
Shares outstanding at January 1, 2023	302,691	0	302,691
Conditionally awarded grant 2023	–	338,699	338,699
Forfeited during the year	(19,211)	(989)	(20,200)
Shares outstanding at December 31, 2023	283,480	337,710	621,190

Restricted Stock Units

Material accounting policy information

The Restricted Stock Unit (RSU) plan qualifies as an equity-settled share-based payments transaction.

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 actual forfeitures due to participants' resignations before the vesting date.

RSU-condition

The fair value of the RSU shares is equal to the share price of the Wolters Kluwer shares at the date of the grant, adjusted by the present value of the future dividend payments during the one-year, two-year, and three-year performance period, respectively.

The amount recognized as an expense in each year is adjusted to reflect the number of share awards for which the related service 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 conditions at the vesting date.

General

In 2023, the company launched a new equity-settled share-based payment plan, Restricted Stock Units (RSUs). With the launch of the RSU plan, the company is more closely aligning to a discretionary market compensation structure for key employees just below executives.

RSU shares are granted and vest over time (with one-year, two-years, and three-years vesting periods), creating a retentive effect as vesting is conditioned on continued participation. There are no performance conditions that need to be met for the RSU shares to vest.

In 2023, €2 million has been recognized within employee benefit expenses in profit or loss (2022: nil) related to the total cost of the RSU grants. Refer to Note 12 – Employee benefit expenses.

Notes to the consolidated financial statements continued

Note 33 – Share-based payments continued

Fair value summary of conditionally awarded RSU shares

The fair value of each conditionally awarded share under the running RSU grants is as follows:

<i>in euros</i>	Fair value RSU shares at grant date March 1	Fair value RSU shares at grant date July 1	Fair value RSU shares at grant date November 1
RSU shares 2023 – one-year vesting period	107.56	114.26	118.96
RSU shares 2023 – two-years vesting period	105.46	111.98	116.55
RSU shares 2023 – three-years vesting period	103.11	109.43	113.86

Overview of outstanding performance shares: RSU 2023

Conditionally awarded number of RSU shares, grant 2023	Total number of RSU shares	Grant date March 1, 2023	Grant date July 1, 2023	Grant date November 1, 2023
One-year vesting period		11,951	333	589
Two-years vesting period		11,924	332	589
Three-years vesting period		11,832	332	588
Total shares conditionally awarded	38,470	35,707	997	1,766
Forfeitures during the year	(928)	(928)	–	–
Shares outstanding at December 31, 2023	37,542	34,779	997	1,766

Note 34 – Related party transactions

The company has related party relationships with its subsidiaries, equity-accounted associates, pension funds, and members of the Supervisory Board and the Executive Board. Related party transactions are conducted at arm's length with terms comparable to transactions with third parties.

The group has no significant transactions with, receivables from, or payables to its equity-accounted associates.

For transactions with key management, refer to *Note 37 – Remuneration of the Executive Board and the Supervisory Board and Remuneration report*.

The company has filed a list of subsidiaries and affiliated companies at the offices of the Chamber of Commerce of The Hague, the Netherlands.

Note 35 – 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 group. Deloitte is not involved in most of the statutory audits of entities that are outside the scope of the group audit.

Audit fees 2023

	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audit of annual accounts	1.0	2.3	3.3
Other assurance services	0.1	0.3	0.4
Tax advisory services	–	0.0	0.0
Other non-audit services	–	0.0	0.0
Total	1.1	2.6	3.7

Audit fees 2022

	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	0.1	0.2
Tax advisory services	–	0.0	0.0
Other non-audit services	–	0.0	0.0
Total	1.1	2.1	3.2

The audit fees for 2023 and 2022 include final invoicing with respect to the statutory audits of 2022 and 2021, respectively.

Notes to the consolidated financial statements continued

Note 36 – Commitments, contingent assets, and contingent liabilities

Guarantees

The group has the following outstanding guarantees at December 31:

	2023	2022
Parental performance guarantees to third parties	5	5
Guarantee to the trustees of the U.K. retirement plan <i>Note 30</i>	21	20
Real estate and other guarantees	11	11
Drawn bank credit facilities	1	1
Total	38	37

At December 31, 2023, the total guarantees issued for bank credit facilities on behalf of several subsidiaries amounted to €117 million (2022: €114 million), of which €116 million was not utilized (2022: €113 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 proceedings or claims against the group, the group has a policy to insure the group entities against such claims. The group did not have material contingent liabilities arising from legal and judicial proceedings at December 31, 2023, and December 31, 2022.

Other commitments

For any commitments with respect to the group's share buybacks, refer to *Note 32 – Capital and reserves*.

Note 37 – 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:

<i>in thousands of euros</i>	2023	2022
<i>Fixed compensation:</i>		
Salary	2,308	2,260
Social security	247	123
Defined contribution plan	180	176
Other benefits*	400	385
Total fixed compensation	3,135	2,944
<i>Variable compensation:</i>		
STIP	2,736	2,818
LTIP**	6,307	6,405
Total variable compensation	9,043	9,223
Sub-total fixed and variable compensation	12,178	12,167
Tax-related costs***	(459)	(525)
Total remuneration Executive Board	11,719	11,642

* 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.

** 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.

*** Tax-related costs are costs to the company pertaining to the Executive Board members ex-patriate assignments.

Salary, social security, other benefits, STIP, and tax-related costs are short-term employee benefits, defined contribution plan is a post-employment benefit, and LTIP is a share-based payment scheme.

Shares owned by Executive Board members

At December 31, 2023, the Executive Board jointly held 412,167 shares of the company (2022: 412,167 shares).

Notes to the consolidated financial statements continued

Note 37 – Remuneration of the Executive Board and the Supervisory Board continued

Remuneration Supervisory Board

The total remuneration of the Supervisory Board members was €720 thousand in 2023 (2022: €766 thousand).

Shares owned by Supervisory Board members

At December 31, 2023, Mrs. A.E. Ziegler held 1,894 American Depositary Receipts of shares of the company (2022: 1,894 ADRs).

For further details, refer to *Remuneration report*.

Note 38 – Overview of significant subsidiaries

Below is a list of significant subsidiaries at December 31, 2023, in alphabetical order (legal entity name and the unit of the organizational structure 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 (Corporate Performance & ESG)

Canada

- Wolters Kluwer Canada Limited (Tax & Accounting)

France

- Enablon S.A.S. (Corporate Performance & ESG)

Germany

- Akademische Arbeitsgemeinschaft Verlagsgesellschaft GmbH (Tax & Accounting)
- Wolters Kluwer Deutschland GmbH (Legal & Regulatory)
- Wolters Kluwer Tax & Accounting Deutschland GmbH (Tax & Accounting)

Ireland

- Wolters Kluwer Finance Ireland DAC (Corporate Office)
- Wolters Kluwer Ireland Holding Limited (Corporate Office)

Italy

- Tagetik Software S.r.l. (Corporate Performance & ESG)
- Wolters Kluwer Italia S.r.l. (Tax & Accounting and Legal & Regulatory)

Luxembourg

- Wolters Kluwer Financial Services Luxembourg S.A. (Corporate Performance & ESG)

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. (Corporate Performance & ESG)
- 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, Legal & Regulatory, and Corporate Performance & ESG)
- C T Corporation System (Financial & Corporate Compliance)
- Emmi Solutions, LLC (Health)
- Enablon North America Corp. (Corporate Performance & ESG)
- eOriginal, Inc. (Financial & Corporate Compliance)
- Health Language, Inc. (Health)
- International Document Services, Inc. (Financial & Corporate Compliance)
- National Registered Agents, Inc. (Financial & Corporate Compliance)
- Ovid Technologies, Inc. (Health)
- Paperless Transaction Management, Inc. (Financial & Corporate Compliance)
- Universal Tax Systems, Inc. (Tax & Accounting)
- UpToDate, Inc. (Health)
- Wolters Kluwer DXG U.S., Inc. (Digital eXperience Group)
- Wolters Kluwer ELM Solutions, Inc. (Legal & Regulatory)
- Wolters Kluwer Financial Services, Inc. (Financial & Corporate Compliance and Corporate Performance & ESG)
- Wolters Kluwer Health, Inc. (Health)

Notes to the consolidated financial statements continued

Note 38 – Overview of significant subsidiaries continued

- 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)

A subsidiary is categorized as significant depending on its revenues, operating profit, net profit, and/or total assets.

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, the Czech Republic, Denmark, Hong Kong, Hungary, India, Indonesia, Japan, Malaysia, Mexico, New Zealand, Norway, the Philippines, Portugal, Qatar, Romania, Russia, Singapore, Slovakia, South Africa, South Korea, Sweden, Switzerland, Taiwan, and Ukraine.

The group also has branches in Finland, Saudi Arabia, Thailand, and the United Arab Emirates.

Apart from certain cash restrictions (refer to *Note 26 – Cash and cash equivalents*), there are no significant restrictions on the group's ability to access or use assets, or to settle liabilities. There are no interests in consolidated structured entities.

Refer to *Note 8 – Acquisitions and divestments* for the consequences of losing control of subsidiaries during 2023 and 2022.

The financial statements of the parent and the subsidiaries used in the preparation of the consolidated financial statements have the same reporting date, except for the group's Indian subsidiaries that have a March financial year end.

Note 39 – Events after the reporting period

Subsequent events were evaluated up to February 20, 2024, 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.

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Company statement of profit or loss

in millions of euros,
for the year ended December 31

	2023	2022	
General and administrative income	194	187	
General and administrative costs	(115)	(115)	
Operating profit	79	72	
Financing income third parties	38	16	
Financing income related parties	10	4	
Financing costs third parties	(80)	(62)	
Financing costs related parties	(125)	(29)	
Net foreign exchange gains/(losses)	5	0	
Total financing results	(152)	(71)	
Profit/(loss) before tax	(73)	1	
Income tax expense	(42)	(40)	
Profit/(loss) after tax	(115)	(39)	
Results from subsidiaries, net of tax	Note 41	1,122	1,066
Profit for the year	1,007	1,027	

Company statement of financial position

in millions of euros and before appropriation of results,
at December 31

	2023	2022	
Non-current assets			
Financial assets	Note 41	7,813	8,057
Other intangible assets		9	6
Deferred tax assets		6	5
Total non-current assets		7,828	8,068
Current assets			
Other receivables	Note 42	204	175
Cash and cash equivalents	Note 43	627	896
Total current assets		831	1,071
Total assets		8,659	9,139
Equity			
Issued share capital	Note 32	30	31
Share premium reserve		87	87
Legal reserves		328	466
Other reserves		297	699
Undistributed profit		1,007	1,027
Shareholders' equity	Note 46	1,749	2,310
Non-current liabilities			
Bonds	Note 28	2,723	2,426
Private placements	Note 28	127	142
Derivative financial instruments	Note 28/29	5	–
Total non-current liabilities		2,855	2,568
Current liabilities			
Debts to subsidiaries		3,403	3,490
Short-term bonds	Note 28	400	700
Borrowings and bank overdrafts	Note 44	186	13
Trade and other payables		66	58
Total current liabilities		4,055	4,261
Total liabilities		6,910	6,829
Total equity and liabilities		8,659	9,139

Notes to the company financial statements

Note 40 – Material accounting policy information

General

The functional currency of the company is euro, the currency of primary economic environment in which the company operates. The company financial statements are presented in euros and rounded to the nearest million, unless otherwise indicated.

Reference is also made to the following notes to the consolidated financial statements:

- Note 28 – Net debt;
- Note 29 – Financial risk management;
- Note 32 – Capital and reserves;
- Note 33 – Share-based payments;
- Note 34 – Related party transactions;
- Note 37 – Remuneration of the Executive Board and the Supervisory Board;
- Note 38 – Overview of significant subsidiaries; and
- Note 39 – Events after the reporting period.

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*.

General and administrative income relates to brand royalty fees and management and service fees, all charged to subsidiaries, and is recognized when earned.

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, recognize a loss allowance.

Any related party transactions between Wolters Kluwer N.V. and its subsidiaries, equity-accounted associates, pension funds, or members of the Supervisory Board and the Executive Board are conducted at arm's length with terms comparable to transactions with third parties.

Comparatives

Comparative figures in Note 45 – *Employee benefit expenses* are restated as temporary staff and contractors are no longer considered part of employee benefit expenses.

Certain other immaterial reclassifications were made to certain 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 41 – Financial assets

	2023	2022
Equity value of subsidiaries	7,813	8,040
Derivative financial instruments	Note 29	–
Total	7,813	8,057

Movement equity value of subsidiaries

	2023	2022
Position at January 1	8,040	7,352
Results from subsidiaries, net of tax	1,122	1,066
Dividends received from subsidiaries	(1,221)	(629)
Remeasurement gains/(losses) on defined benefit plans, net of tax	(1)	18
Foreign exchange differences	(127)	233
Position at December 31	7,813	8,040

Note 42 – Other receivables

	2023	2022
Receivables from subsidiaries	195	158
Current income tax assets	–	5
Interest receivable	2	5
Derivative financial instruments	Note 29	2
Miscellaneous receivables and prepayments	5	6
Total	204	175

Notes to the company financial statements continued

Note 43 – Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are held as part of the group's cash management for the purpose of meeting short-term cash commitments.

Note 44 – Borrowings and bank overdrafts

	2023	2022
Euro Commercial Paper program	50	–
Bank overdrafts	136	13
Total	186	13

Note 45 – Employee benefit expenses

	2023	2022*
Salaries and wages and other benefits	31	32
Social security charges	1	1
Costs of defined contribution plans	1	1
Expenses related to defined benefit plans	1	1
Equity-settled share-based payments <i>Note 33</i>	31	28
Total	65	63
Employees		
In full-time equivalents at December 31	149	144
Thereof employed outside the Netherlands	22	22
In full-time equivalents average per annum	143	148

* Prior year figures are restated since temporary staff and contractors are no longer reported within employee benefit expenses.

Notes to the company financial statements continued

Note 46 – Shareholders' equity

	Legal reserves					Other reserves			Shareholders' equity
	Issued share capital	Share premium reserve	Legal reserve participations	Hedge reserve	Translation reserve	Treasury shares	Retained earnings	Undistributed profit	
Balance at January 1, 2022	32	87	118	(122)	219	(247)	1,602	728	2,417
<i>Items that are or may be reclassified subsequently to the statement of profit or loss:</i>									
Exchange differences on translation of foreign operations					231				231
Exchange differences on translation of equity-accounted associates					1				1
Recycling of foreign exchange differences on loss of control					1				1
Net gains/(losses) on hedges of net investments in foreign operations				(17)					(17)
Effective portion of changes in fair value of cash flow hedges				18					18
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				11					11
<i>Items that will not be reclassified to the statement of profit or loss:</i>									
Remeasurements on defined benefit plans							18		18
<i>Tax on other comprehensive income:</i>									
Income tax on other comprehensive income				4			(5)		(1)
Other comprehensive income/(loss) for the year, net of tax	0	0	0	16	233	0	13	0	262
Profit for the year								1,027	1,027
Total comprehensive income/(loss) for the year	0	0	0	16	233	0	13	1,027	1,289
<i>Transactions with owners of the company, recognized directly in equity:</i>									
Appropriation of profit previous year							728	(728)	0
<i>Share-based payments</i>									
Share-based payments							28		28
Cancellation of shares	(1)					451	(450)		0
Release LTIP shares						61	(61)		0
Final cash dividend 2021							(264)		(264)
Interim cash dividend 2022							(160)		(160)
Repurchased shares						(1,000)			(1,000)
Other movements			2		0		(2)		0
Balance at December 31, 2022	31	87	120	(106)	452	(735)	1,434	1,027	2,310

Notes to the company financial statements continued

Note 46 – Shareholders' equity continued

	Issued share capital	Share premium reserve	Legal reserves			Other reserves			Shareholders' equity
			Legal reserve participations	Hedge reserve	Translation reserve	Treasury shares	Retained earnings	Undistributed profit	
Balance at January 1, 2023	31	87	120	(106)	452	(735)	1,434	1,027	2,310
<i>Items that are or may be reclassified subsequently to the statement of profit or loss:</i>									
Exchange differences on translation of foreign operations					(126)				(126)
Exchange differences on translation of equity-accounted associates					(1)				(1)
Recycling of foreign exchange differences on loss of control					–				0
Net gains/(losses) on hedges of net investments in foreign operations				3					3
Effective portion of changes in fair value of cash flow hedges				(22)					(22)
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				15					15
<i>Items that will not be reclassified to the statement of profit or loss:</i>									
Remeasurements on defined benefit plans							(1)		(1)
<i>Tax on other comprehensive income:</i>									
Income tax on other comprehensive income				0			0		0
Other comprehensive income/(loss) for the year, net of tax	0	0	0	(4)	(127)	0	(1)	0	(132)
Profit for the year								1,007	1,007
Total comprehensive income/(loss) for the year	0	0	0	(4)	(127)	0	(1)	1,007	875
<i>Transactions with owners of the company, recognized directly in equity:</i>									
Appropriation of profit previous year							1,027	(1,027)	0
<i>Share-based payments</i>									
Cancelation of shares	(1)					947	(946)		0
Release LTIP shares						54	(54)		0
Final cash dividend 2022							(291)		(291)
Interim cash dividend 2023							(176)		(176)
Repurchased shares						(1,000)			(1,000)
Other movements			(7)		0		7		0
Balance at December 31, 2023	30	87	113	(110)	325	(734)	1,031	1,007	1,749

The legal reserves and treasury shares reserve are not available for dividend distribution to the owners of the company.

Notes to the company financial statements continued

Note 47 – 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 were 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:

	2023	2022
Parental performance guarantees to third parties	5	5
Guarantee to the trustees of the U.K. retirement plan	21	20
Drawn bank credit facilities	1	1
Total guarantees outstanding	27	26

At December 31, 2023, the total guarantees issued for bank credit facilities on behalf of several subsidiaries amounted to €117 million (2022: €114 million), of which €116 million was not utilized (2022: €113 million).

In October 2023, the company signed a mandate to execute up to €100 million in share buybacks for the period starting January 2, 2024, up to and including February 19, 2024.

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 48 – 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 38 – Overview of significant subsidiaries*.

Note 49 – Profit appropriation

		2023	2022
Proposed dividend distribution	<i>Note 32</i>	503	453
Proposed additions to retained earnings		504	574
Profit for the year		1,007	1,027

At the 2024 Annual General Meeting of Shareholders, the company will propose a final dividend distribution of €1.36 per share to be paid in cash on June 4, 2024. This will bring the total dividend for 2023 to €2.08 per share (2022: €1.81 per share), an increase of 15% over the prior year.

Authorization for issuance

Alphen aan den Rijn, February 20, 2024

Executive Board

N. McKinstry, CEO and Chair of the Executive Board

K.B. Entricken, CFO and member of the Executive Board

Supervisory Board

A.E. Ziegler, Chair

J.P. de Kreij, Vice-Chair

J.A. Horan

H.H. Kersten

S. Vandebroek

C.F.H.H. Vogelzang

Independent auditor's report

To the shareholders and the Supervisory Board of Wolters Kluwer N.V.

Report on the audit of the financial statements 2023 included in the 2023 Annual Report

Our opinion

We have audited the accompanying financial statements 2023 of Wolters Kluwer N.V., based in Alphen aan den Rijn, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements as set out on pages 142 to 210 of the 2023 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, 2023, and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) 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, 2023, and of its result for 2023 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, 2023;
2. The following statements for 2023: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in total equity; and
3. The notes comprising a summary of the material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The company statement of financial position as at December 31, 2023;
2. The company statement of profit or loss for 2023; and
3. The notes comprising a summary of the material accounting policy information 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 €70 million (2022: €70 million). The materiality is based on 5.3% of profit before tax (2022: 5.5%). 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	€70 million
Basis for materiality	5.3% of profit before tax
Threshold for reporting misstatements	€3.5 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 CT Corporation U.S., UpToDate U.S., and Tax & Accounting U.S.), the audits were performed using a materiality level of €30.8 million (2022: €29.4 million). For the other components, the materiality levels are in the range of €16.8 million to €28.0 million (2022: €14.4 million to €26.5 million).

We agreed with the Supervisory Board that misstatements in excess of €3.5 million (2022: €3.5 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.

Independent auditor's report continued

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 2023 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. The direction and supervision of the component auditors was partially performed remotely. Based on previous experience, appropriate direction and supervision can be established through remote working policies. The group engagement team held multiple virtual meetings with all the individual component auditors and management of the relevant group entities, and participated in the relevant component auditor closing calls. For the component auditor of the businesses in the United States, we conducted an on-site file review during the year and remote follow-up procedures during our year-end procedures. For other selected component auditors (for example, France and Italy), remote file reviews were conducted to evaluate the work undertaken and to assess their findings.

The group consolidation, financial statements 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 acquisitions and divestment of certain assets and businesses, group accounting for current and deferred income taxes, share-based payments, the Wolters Kluwer N.V. company financial statements, and certain critical accounting positions subject to management estimates. Specialists were involved among others in the areas of information technology; accounting and reporting; post-employment benefit plans; forensic; valuation; and environmental, social, and governance.

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 on key audit matters subject to central testing;
- Performed audit procedures on the company financial statements
- Used the work of Deloitte component auditors, or performed specific audit procedures ourselves, when auditing the components in Europe (9) and North America (12), and used the work of non-Deloitte component auditors in the United Kingdom (1) and the Netherlands (1); and
- Performed analytical procedures at group level on the other group entities.

The group entities subject to full-scope audits and audits of specified account balances and classes of transactions comprise approximately 79% of consolidated revenues and approximately 89% 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	79%
Audit coverage of consolidated total assets	89%

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 financial information to provide an opinion on the consolidated 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.

Independent auditor's report continued

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 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. Furthermore, for certain SpeakUp cases, we evaluated management's response and remedial actions and measures. 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 specialists. We evaluated whether these factors indicate that a risk of material misstatement due to 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
- Revenue (transactions) may be subject to manual adjustments outside the fulfillment systems.

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 the Executive Board, directors (including corporate and group accounting, internal audit, 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 subjected 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 – *Accounting estimates and judgments* 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 of 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 discussion with management, reading minutes and reports of internal audit, and inspection of selected documents regarding compliance with laws and regulations. Where relevant, we involved our forensic specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS), 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 provisions 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 regulation and whether 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 Filing 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, to 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)

Independent auditor's report continued

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.

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 – General and basis of preparation*. The Executive Board believes that no events or conditions 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 the Executive Board'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 Executive Board'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.

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

Financial reporting implications of the new Corporate Performance & ESG division

In 2023, a new division, Corporate Performance & ESG (CP&ESG), was formed by bringing together four global enterprise software businesses previously part of other divisions. In addition to the creation of the new division, the Enterprise Legal Management business was transferred from the Governance, Risk & Compliance (GRC) division to the Legal & Regulatory division. The GRC division was renamed Financial & Corporate Compliance. The changes in the group's internal reporting structure impact segment information and the annual goodwill impairment test.

How the key audit matter was addressed in our audit

We obtained management's assessment of the requirements of IFRS 8 – Operating Segments and how the formation of the CP&ESG division impacted the disclosures in the consolidated financial statements. We obtained management's calculation to allocate assets to the new divisional structure.

We evaluated management's assessment and compared it to the internal reporting structure and to how operating results are reviewed by the group's CODM to make decisions about resources to be allocated to the segment and assess its performance.

We performed detailed testing on the aggregation of entities and on the separation and re-allocation of relevant financial information across the new reporting structure.

We tested the application of the relative fair value method applied for the allocation of goodwill to the new groups of CGUs. We evaluated if the method applied is in concurrence with IAS 36 – Impairment of Assets. We checked the consistency of the allocation calculations with the prior periods and with the allocation of goodwill for disposals. Furthermore, we observed that the formation of the CP&ESG division and related changes in the groups of CGUs did not affect the outcome of the annual impairment test.

Independent auditor's report continued

Key audit matters continued

Description

Financial reporting implications of the new Corporate Performance & ESG division continued

The reporting structure was changed to the new structure as disclosed in *Note 1 – General and basis of preparation*. IFRS 8 - Operating Segments requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker (CODM), which is Wolters Kluwer's Executive Board as disclosed in *Note 5 – Segment reporting*.

The segment information, as included in *Note 5 – Segment reporting* and *Note 6 - Revenues*, is based on the group's management and internal reporting structure, hence the number of operating segments was changed to five (2022: four) and aligned with the five global operating divisions. Comparative figures have been restated for these newly defined operating segments as disclosed in *Note 1 – General and basis of preparation*.

Furthermore, as a consequence of the changed segmentation, the composition of the groups of CGUs to which goodwill has been allocated changed. The total number of groups of CGUs for goodwill impairment testing purposes changed to five groups of CGUs, aligned with the segment reporting.

The segment information is an important disclosure in the 2023 Annual Report, and the allocation of goodwill to groups of CGUs requires judgment and significantly impacts the annual goodwill impairment test prepared by management. Therefore, we consider this a key audit matter.

How the key audit matter was addressed in the audit

Observations

We did not identify any material reportable matters in operating segment reporting, and in management's calculations to allocate goodwill to the new groups of CGUs, as well as the corresponding disclosures included in *Note 5 – Segment reporting*, *Note 6 – Revenues*, and *Note 17 – Goodwill and intangible assets other than goodwill*.

Independent auditor's report continued

Key audit matters continued

Description

Revenue and related controls

The group has its businesses in a large number of countries and locations. In these businesses, products and services are delivered using various ERP (including fulfillment) systems, processes, and procedures throughout the group. This impacts our audit effort on internal control over financial reporting and therefore, we consider this a key audit matter.

There is an inherent risk of the accuracy and completeness of revenues and related IFRS 15 disclosures given the complexity of the IT environment. 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 – Revenues*.

How the key audit matter was addressed in our audit

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.

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 have tailored our audit procedures to the diverse (local) IT landscapes and the implemented internal controls. We have involved 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.

We tested the reliability and continuity of the automated data processing, solely to the extent necessary within the scope of the consolidated financial statements audit. Where relevant to the audit, we have tested the operating effectiveness of IT controls or performed additional substantive audit procedures, however our audit approach does not rely to a large extent on automated controls.

The audit procedures performed on revenue recognition of existing contracts 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.

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.

We also evaluated the adequacy of the disclosures provided by the group in *Note 6 – Revenues*.

Observations

We have reported our observations on internal controls over financial reporting to the Supervisory Board and have performed additional substantive audit procedures, where deemed needed, with satisfactory results. We did not identify any material reportable matters in manual adjustments to revenue, revenue recognition, and corresponding disclosures included in *Note 6 – Revenues*.

Independent auditor's report continued

Key audit matters continued

Description

Valuation of goodwill

The group has €4,322 million of goodwill (December 31, 2022: €4,394 million), as disclosed in *Note 17 – Goodwill and intangible assets other than goodwill*. Goodwill represents 48% (2022: 46%) of consolidated total assets and 247% (2022: 190%) of consolidated total shareholders' equity. Due to the magnitude of this balance to Wolters Kluwer's financial position and since the annual impairment test is subject to management estimates, we consider this a key audit matter.

Goodwill is subject to an annual impairment test. This annual impairment test was significant to our audit because of its complexity involving significant estimates that are affected by expected future market and economic conditions.

The value-in-use of goodwill is dependent on expected future cash flows from the underlying groups of CGUs for goodwill.

The impairment assessment prepared by management includes a variety of internal and external factors. In connection with these factors, management made use of valuation models, making significant estimates, potentially subject to management override, particularly the assumptions related to the adjusted operating profit margin, the average long-term growth rates, and weighted-average cost of capital.

The annual impairment test for goodwill did not result in an impairment. Management has disclosed the impairment test method, the results of the tests as well as the impact of sensitivities in *Note 17 – Goodwill and intangible assets other than goodwill*.

How the key audit matter was addressed in our audit

We obtained an understanding of the process in place and identified controls in the impairment assessment of the group for goodwill as a basis for our substantive audit approach.

We obtained management's annual impairment test and have evaluated the impairment test models. We involved valuation specialists to assess the models used for the annual goodwill impairment test by management and the key assumptions applied as outlined in *Note 17 – Goodwill and intangible assets other than goodwill*. Our valuation specialists assisted us specifically in evaluating the weighted-average cost of capital and the average long-term growth rates applied, by benchmarking against independent data and peers in the industry.

We focused on the sensitivity in the available headroom for the groups of CGUs, evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount.

We evaluated management's key assumptions used for cash flow projections (including adjusted operating profit margins), weighted-average cost of capital, and average long-term growth rates. We compared rates with historical trends and external data. We assessed the mathematical accuracy of the calculations and reconciled forecasted cash flows per group of CGUs to authorized budgets and obtained an understanding how these budgets were compiled. We performed audit procedures on the allocation of the overhead cost.

We also evaluated the adequacy of the disclosures provided by the group in *Note 17 – Goodwill and intangible assets other than goodwill* in relation to its impairment assessment.

Observations

We did not identify any material reportable matters in management's valuation of goodwill or in the corresponding disclosures included in *Note 17 – Goodwill and intangible assets other than goodwill*.

Independent auditor's report continued

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Strategic report;
- Governance;
- Sustainability statements; 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 all the information regarding the management report and the other 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 strategic report, governance, and sustainability statements, 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 and ESEF

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 and in the General Meeting of Shareholders on April 22, 2022, we were re-appointed for the years 2023 and 2024.

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 Format

The group has prepared its annual report in European Single Electronic Format (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 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 the 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.

We performed our examination in accordance with Dutch law, including Dutch Standard on Auditing 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package; and
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
 - 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 and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS 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.

Independent auditor's report continued

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. 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.

We communicate with the Supervisory Board regarding, among others, 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 Supervisory Board 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 20, 2024

Deloitte Accountants B.V.

B.E. Savert

Other information

Other information

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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.

Wolters Kluwer shares and bonds

Additional information on Wolters Kluwer securities is provided here.

Ordinary shares and ADRs

Wolters Kluwer N.V. ordinary shares are listed on Euronext Amsterdam under the symbol WKL. During 2023, the average daily trading volume of Wolters Kluwer shares on Euronext Amsterdam was 519,630 shares (2022: 541,684), according to Euronext.

American Depositary Receipt 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 depository bank: Deutsche Bank Trust Company Americas, c/o American Stock Transfer & Trust Company, P.O. Box 2050, Peck Slip Station, New York, N.Y. 10272-2050, United States, or visit www.adr.db.com.

Securities codes and ticker symbols

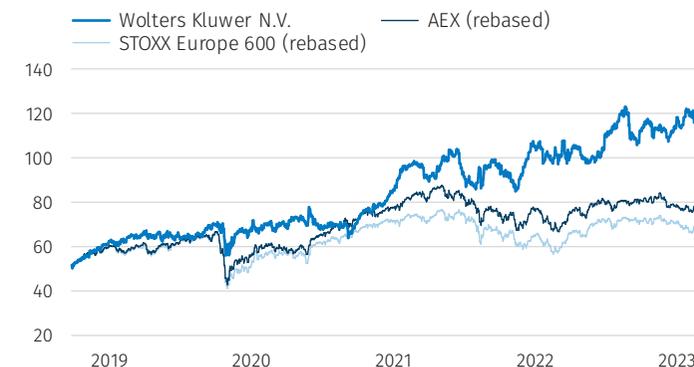
System	Ordinary shares	ADRs
ISIN	NL0000395903	US9778742059
Sedol	5671519	2977049
Bloomberg	WKL:NA	WTKWY:US
Reuters RIC	WLSNc.AS	WTKWY
CUSIP	–	977874205
Exchange	Euronext	Over-the-counter (OTC)

Share price performance

Wolters Kluwer shares finished the year up 32%, outperforming the Amsterdam AEX Index and STOXX Europe 600, which were up 14% and 16%, respectively. Over the five-year period ending December 31, 2023, Wolters Kluwer shares have increased by 149%, significantly outperforming the Amsterdam AEX Index and the STOXX Europe 600, which increased 61% and 44%, respectively. Wolters Kluwer ADRs (quoted in U.S. dollars) appreciated 141% over this five-year period, significantly outperforming the S&P 500 which rose 90%.

Five-year share price performance 2019-2023

euro



Source: Nasdaq/FactSet data. Indices rebased to Wolters Kluwer share price.

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 2023 dividend

We are proposing to increase the total dividend for the financial year 2023 by 15% (2022: 15% increase) to €2.08 per share (2022: €1.81). We will therefore recommend a final dividend of €1.36 per share, subject to the approval of shareholders at the Annual General Meeting in May 2024. For 2024, 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.

Wolters Kluwer shares and bonds continued

During 2023, 8.7 million shares were repurchased for a total consideration of €1 billion. Repurchased shares are added to treasury. In February 2023, 0.5 million treasury shares were released for long-term incentive plans. In August 2023, 9.0 million treasury shares were canceled. A summary of amounts repurchased and cancellations over the past few years is shown below.

Share repurchases, cancellations, and issuances 2019-2023

	Shares repurchased million	Total consideration € million	Average share price €	Treasury shares canceled million	Treasury shares released for LTIP million
2023	8.7	1,000	114.40	9.0	0.5
2022	10.1	1,000	98.75	5.0	0.7
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

Share buyback 2024

On February 21, 2024, we will announce our intention to spend up to €1 billion on share repurchases during 2024, including repurchases to offset incentive share issuances. As of February 19, 2024, €100 million of this 2024 buyback has 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 May 2024, 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, 2023, was 248.5 million (2022: 257.5 million), of which 8.0 million were held in treasury. The diluted weighted-average number of ordinary shares used to compute the diluted earnings per share figures was 246.0 million in 2023.

Market capitalization

Based on issued ordinary shares (including 8.0 million treasury shares), the market capitalization of Wolters Kluwer as of December 31, 2023, was €32.0 billion (2022: €25.2 billion).

Shares issued and outstanding

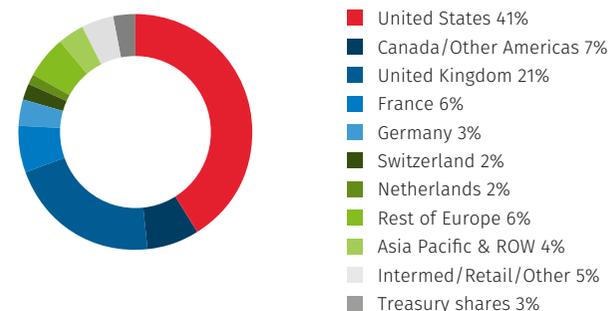
<i>number of shares in millions</i>	2023	2022
Issued ordinary shares (December 31)	248.5	257.5
Treasury shares (December 31)	8.0	8.8
Issued ordinary shares outstanding (December 31)	240.5	248.7
Weighted-average number of ordinary shares outstanding	244.9	254.7
Diluted weighted-average number of ordinary shares	246.0	255.8

Shareholder structure

Wolters Kluwer has 100% free float and a widely distributed, global shareholder base. As of November 2023, approximately 92% of the issued ordinary shares of Wolters Kluwer were held by institutional investors. The remaining 8% was either unidentified, held by broker-dealers or retail investors, or held in treasury by Wolters Kluwer. Some 48% of our issued ordinary shares were held by investors in North America, mainly the United States and Canada. Institutions based in the United Kingdom held 21%, while institutions based in continental Europe owned 19%. Institutions in Asia Pacific & Rest of World owned approximately 4% 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, as of November 2023.

Wolters Kluwer shares and bonds continued

Industry classifications and indices

Some of the most widely followed indices that include Wolters Kluwer are shown below. Effective December 18, 2023, Wolters Kluwer was added to the EURO STOXX 50, the Eurozone's blue chip index of biggest and most traded companies.

Wolters Kluwer weight in selected indices

Index	Weight %
AEX®	3.96%
AEX® ESG	8.99%
Euronext® 100	0.89%
Euronext® Eurozone ESG Leaders Select 40	1.32%
EURO STOXX®	0.62%
EURO STOXX® 50	1.00%
STOXX® Europe 600	0.31%
STOXX® Europe 600 Media	14.62%
STOXX® Europe 600 ESG-X	0.34%
MSCI Europe Commercial & Professional Services	16.1%

Sources: Euronext, STOXX, and MSCI. Weights as of December 31, 2023.

Wolters Kluwer is 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: Publishing (5557)
MSCI, S&P, Dow Jones	GICS	Industrials: Commercial & Professional Services: Research & Consulting Services (20202020)

Sources: Bloomberg, FTSE Russell, MSCI, S&P Global, and STOXX.

Research ratings

Wolters Kluwer is covered by 14 sell-side analysts. Of those who regularly publish research, as of January 31, 2024, eight have a Buy rating, four have a Hold rating, and two rate the shares a Sell. A range of providers produce environmental, social, and governance (ESG) 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	2023	2022	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 are on a scale of 1-10, with a lower score denoting lower risk.
ISS Social Quality Score	2	2	
ISS Environment Quality Score	5	4	
Sustainalytics ESG Risk Rating	14.4	15.6	Sustainalytics uses a scale of 0-100. A low score indicates lower ESG risk.

Sources: MSCI, ISS, and Sustainalytics, as of January 31, 2024.

Bonds and other fixed income securities

Wolters Kluwer has seven Eurobonds listed on the Luxembourg exchange with a total face value of €3,136 million.

Wolters Kluwer listed fixed-income issues

Debt security	Due	Amount € million	Listing	ISIN
2.500% senior bonds	May 2024	€400	Luxembourg	XS1067329570
3.000% senior bonds	September 2026	€500	Luxembourg	XS2530756191
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
3.750% senior bonds	April 2031	€700	Luxembourg	XS2592510271

Euro Commercial Paper

Wolters Kluwer has a Euro Commercial Paper (ECP) program under which the company may issue unsecured, short-term debt up to a maximum of €1.0 billion. The outstanding amount (included in borrowings and bank overdrafts) per December 31, 2023, was €50 million (2022: nil).

Type	As of	Issued € million	Total facility € million
Euro Commercial Paper	December 31, 2023	50	1,000

Wolters Kluwer shares and bonds continued

Credit ratings

Maintaining investment grade credit ratings is a core policy of Wolters Kluwer. Current credit ratings and outlook are provided below.

Agency	Long-term	Short-term	Outlook	Date of rating	Date affirmed
Moody's	A3	–	Stable	March 29, 2023	–
S&P	BBB+	A-2	Stable	March 7, 2013	May 2, 2023

Sources: Moody's and S&P Global.

For more information on Wolters Kluwer's long-term debt, refer to *Note 28 – Net debt*.

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, investor seminars, 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 November 2023, we held a virtual teach-in on our Financial & Corporate Compliance division and our central technology development team, Digital eXperience Group. During the year, the Executive Board met with investors representing around a third of our issued share capital. In December, Supervisory Board Members met with a range of shareholders to hear their views on governance and ESG matters.

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 2024-2025

2024

May 1	First-Quarter 2024 Trading Update
May 8	Annual General Meeting of Shareholders
May 10	Ex-dividend date: 2023 final dividend
May 13	Record date: 2023 final dividend
June 4	Payment date: 2023 final dividend, ordinary shares
June 11	Payment date: 2023 final dividend ADRs
July 31	Half-Year 2024 Results
August 27	Ex-dividend date: 2024 interim dividend
August 28	Record date: 2024 interim dividend
September 19	Payment date: 2024 interim dividend
September 26	Payment date: 2024 interim dividend ADRs
October 30	Nine-Month 2024 Trading Update

2025

February 26	Full-Year 2024 Results
March 12	Publication of 2024 Annual Report

Five-year key figures

<i>in millions of euros, unless otherwise stated</i>	2023	2022	2021	2020	2019
Revenues	5,584	5,453	4,771	4,603	4,612
Operating profit	1,323	1,333	1,012	972	908
Profit for the year, attributable to owners of the company	1,007	1,027	728	721	669
Adjusted EBITDA	1,775	1,730	1,514	1,422	1,382
Adjusted operating profit	1,476	1,424	1,205	1,124	1,089
Adjusted net financing costs	27	56	78	46	58
Adjusted net profit	1,119	1,059	885	835	790
Adjusted free cash flow	1,164	1,220	1,010	907	807
Proposed dividend distribution	503	453	405	357	315
Acquisition spending	61	92	108	395	34
Net capital expenditure	323	295	239	231	226
Amortization and impairment of other intangible assets, and depreciation and impairment of PPE and right-of-use assets	299	306	309	298	293
Amortization and (reversal of) impairment of acquired identifiable intangible assets	146	160	164	144	182
Shareholders' equity	1,749	2,310	2,417	2,087	2,380
Guarantee equity	1,749	2,310	2,417	2,087	2,380
Net debt	2,612	2,253	2,131	2,383	2,199
Capital employed	5,202	5,529	5,859	5,087	4,966
Total assets	9,094	9,510	9,028	8,350	8,775
Ratios					
<i>As % of revenues:</i>					
Operating profit	23.7	24.4	21.2	21.1	19.7
Profit for the year, attributable to owners of the company	18.0	18.8	15.3	15.7	14.5
Adjusted EBITDA	31.8	31.7	31.7	30.9	30.0
Adjusted operating profit	26.4	26.1	25.3	24.4	23.6
Adjusted net profit	20.0	19.4	18.6	18.1	17.1
ROIC (%)	16.8	15.5	13.7	12.3	11.8
Dividend proposal in % of adjusted net profit	45.0	42.8	45.8	42.8	39.8
Dividend proposal in % of profit for the year, attributable to owners of the company	50.0	44.2	55.7	49.5	47.1

	2023	2022	2021	2020	2019
Cash conversion ratio (%)	100	107	112	102	96
Net interest coverage	54.3	25.4	15.5	24.5	18.7
Net-debt-to-EBITDA	1.5	1.3	1.4	1.7	1.6
Net gearing	1.5	1.0	0.9	1.1	0.9
Shareholders' equity to capital employed	0.34	0.42	0.41	0.41	0.48
Guarantee equity to total assets	0.19	0.24	0.27	0.25	0.27
Information per share (€)					
Total dividend proposal in cash per share	2.08	1.81	1.57	1.36	1.18
Basic earnings per share	4.11	4.03	2.79	2.72	2.47
Adjusted earnings per share	4.57	4.16	3.40	3.15	2.92
Adjusted free cash flow per share	4.75	4.79	3.89	3.42	2.98
<i>Based on fully diluted:</i>					
Diluted earnings per share	4.09	4.01	2.78	2.70	2.46
Diluted adjusted earnings per share	4.55	4.14	3.38	3.13	2.90
Diluted adjusted free cash flow per share	4.73	4.77	3.87	3.40	2.96
Weighted-average number of shares issued (millions)	244.9	254.7	260.4	265.0	270.3
Diluted weighted-average number of shares (millions)	246.0	255.8	261.8	266.6	272.2
Stock exchange (€)					
Highest quotation	134.90	111.40	105.25	78.22	67.72
Lowest quotation	97.00	84.18	63.88	52.04	49.98
Quotation at December 31	128.70	97.76	103.60	69.06	65.02
Average daily trading volume Wolters Kluwer on Euronext Amsterdam N.V. (thousands of shares)	520	542	521	677	643
Employees					
Headcount at December 31	21,438	20,511	19,800	19,169	18,979
In full-time equivalents at December 31	21,056	20,056	19,454	18,785	18,361
In full-time equivalents average per annum*	20,810	20,061	19,083	18,562	18,263

* Prior years are restated as temporary staff and contractors are no longer reported within full-time equivalents average per annum.

Glossary

Adjusted

'Adjusted' refers to figures 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 adjusted for one-off cash tax items. Adjusted free cash flow is the cash flow available for dividend payments 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 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 and book results on sale of non-current assets, 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 associates (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, expenses, and cash flows in local currencies are recalculated to euros, using the average exchange rates of the previous calendar year.

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)

EBITA 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 associates, 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, short-term bonds, 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 associates.

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; VAT, sales tax, social security premiums, and other taxation; pension-related payables; royalty payables; and other accruals and payables.

Organic revenue growth

Calculated as revenues, excluding the impact of acquisitions above a minimum threshold, divided by revenues 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 derivative financial assets/liabilities, collateral, short-term part of restructuring provisions, deferred and contingent acquisition payables, interest receivable/payable, current income tax assets/liabilities, divestment receivables, short-term bonds, and borrowings and bank overdrafts.

Working capital: operating working capital

Working capital minus non-operating working capital minus cash and cash equivalents.

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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.

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