Wolters Kluwer

Auditor Independence Policy

Wolters Kluwer

POLICY DETAILS

Name of policy	**Auditor Independence Policy**
Short description	This Policy provides a framework for decision-making on the acceptance of services by the External Auditor in order to ensure its independence.
Owner	Internal Audit
Contact details	HQ-companysecretary@wolterskluwer.com
To whom is this policy binding	Wolters Kluwer N.V. and all subsidiaries in which Wolters Kluwer N.V. holds a direct or indirect controlling interest
Approval level	Audit Committee (AC)

POLICY VERSION CONTROL

Version number	*Last review*	*Last amendments*	*Changes at last amendment*	*Approved by*
2	July 2019	July 2019	Policy updated to align with Regulation on Auditor Independence in Assurance Engagements (*Verordening inzake de Onafhankelijkheid van accountants bij assurance-opdrachten, ViO*)	AC - 29 July 2019
2	Sept 2020	July 2019	n.a	VP, Internal Audit
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Wolters Kluwer

Contents

1. Introduction 4
2. General principles 4
3. Auditor appointment 5
4. The Audit Committee 5
   4.1 Role and responsibility of the Audit Committee 5
   4.2 Audit Committee pre-approval of services by the External Auditor 6
5. The External Auditor 7
   5.1 Responsibility of the External Auditor 7
   5.2 Rotation of Ultimate Responsible Audit Partner and Key Assurance Partner 7
6. Services provided by External Auditor 7
   6.1 Audit services 8
   6.2 Audit-related services 8
   6.3 Non-audit services 9
7. Miscellaneous 11
   7.1 Hiring arrangements 11
   7.2 Disclosure of fees 11
   7.3 Other matters and exceptions 11

Wolters Kluwer

1. Introduction

In order for the External Auditor of Wolters Kluwer N.V. to perform its task, the External Auditor must at all times be independent from Wolters Kluwer. This policy provides a framework for decision-making on the acceptance of services by the External Auditor.

This policy is applicable to Wolters Kluwer N.V. and all subsidiaries in which Wolters Kluwer N.V. holds a direct or indirect controlling interest (jointly referred to as "Wolters Kluwer") Services by the External Auditor to entities in which Wolters Kluwer has significant influence, but has no control, will not be subject to this policy and will be reviewed separately. (See also sub-section 7.3).

Reference in this policy to the External Auditor means the External Auditor Firm including all its organizational departments, divisions, partners, subsidiaries, and associated entities wherever located.

This policy is subject to approval of and may be amended by the Audit Committee. The CFO of Wolters Kluwer N.V. and/or the Global Head of Internal Audit are authorized to make non-material (technical) adjustments to the policy.

2. General principles

This policy requires the External Auditor to be independent both in fact as well as in appearance in accordance with the Regulation on Auditor Independence in Assurance Engagements (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten, ViO*) as issued by the Nederlandse Beroepsorganisatie van Accountants (NBA), effective June 17, 2016. New European auditor independence rules are effective as from June 17, 2016 and formed the basis for amendment of the ViO. The new rules apply to financial years starting on or after June 17, 2016. The regulatory framework comprises two components: a Directive and a Regulation. The Directive stipulates a number of requirements for all statutory audits in the EU and replaces the existing 2006 Statutory Audit Directive. The Regulation includes additional requirements for statutory audits of Public Interest Entities (PIEs). This Regulation applies to entities that meet the definition of EU Public Interest Entity (EU PIE) and its controlled undertaking (and if applicable parent undertaking). Wolters Kluwer N.V. is an EU PIE.

The External Auditor of Wolters Kluwer N.V. will provide Audit Services (see sub-section 6.1) to Wolters Kluwer as outlined in this policy. The External Auditor will only provide other services to Wolters Kluwer in those cases where these services do not conflict with the auditor's independence. The independence of the External Auditor will be impaired where the External Auditor provides services which:

- Create conflicting interests between the External Auditor and Wolters Kluwer.
- Result in the External Auditor functioning in the role of management.
- Place the External Auditor in the position of auditing its own work.
- Place the External Auditor in the position of being an advocate for Wolters Kluwer.

Before the External Auditor may be engaged and the External Auditor accepts engagements, pre-approval as required by this policy must have been provided by the CFO of Wolters Kluwer N.V. or the Global Head of Internal Audit, and/or the Audit Committee.

3. Auditor appointment

The External Auditor shall be appointed by the General Meeting of Shareholders The Supervisory Board nominates a candidate for this appointment to the General Meeting of Shareholders and may recommend replacement of the External Auditor. Mandatory rotation of the External Auditor firm will take place after ten years in accordance with Dutch legislation. Engagement letters between Wolters Kluwer N.V. and the External Auditor will contain an assignment for one year only.

The Supervisory Board will give the External Auditor a general idea of the outcome of the assessment relating to their functioning. The Audit Committee shall report annually to the Supervisory Board on the functioning of, and the developments in, the relationship with the External Auditor. The Audit Committee shall advise the Supervisory Board regarding the nomination with respect to the External Auditor's appointment or reappointment or dismissal and shall prepare the selection of the External Auditor. The Audit Committee gives due consideration to the Executive Board observations. The Supervisory Board shall take this into account when deciding its nomination to the General Meeting of Shareholders for the appointment of an External Auditor.

The main conclusions of the Supervisory Board regarding the External Auditor's nomination and the outcomes of the External Auditor selection process shall be communicated to the General Meeting of Shareholders. If the Supervisory Board does not accept the Audit Committee's advice concerning the External Auditor's appointment, the reasons for this decision must be stated in the proposal to the General Meeting of Shareholders

The Supervisory Board resolves, on a proposal submitted by the Audit Committee, on the External Auditor's engagement to audit the financial statements. By way of implementation of the decision of the General Meeting of Shareholders, or as the case may be of the Supervisory Board or Executive Board, to appoint the External Auditor, the Supervisory Board and/or the Executive Board with the approval of the Supervisory Board, will on behalf of Wolters Kluwer N.V. enter into an agreement to that effect with the External Auditor. This agreement covers an engagement period of one year.

4. The Audit Committee

4.1 Role and responsibility of the Audit Committee

The Audit Committee is responsible for ensuring the independence of the External Auditor. Therefore, the Audit Committee is involved in the decision-making process on the selection and (re-)appointment of the External Auditor, as well as the compensation for the audit and audit related services. Furthermore, the Audit Committee may be required to pre-approve certain other services to be provided by the External Auditor in line with this policy.

The Audit Committee will review and monitor the External Auditor's independence as required by the Terms of Reference of the Audit Committee and documents its position in this matter. It will address any changes to this policy or situation as needed.

The Audit Committee will evaluate the audit quality control measures in respect of the external audit of Wolters Kluwer, document its position and address any changes if so deemed necessary. The Audit Committee will evaluate the appropriateness of the annual audit budget in relation to the perceived audit risk, market conditions, and the results of recent audits.

The Audit Committee shall report annually, and earlier if required, to the Supervisory Board on the functioning of and its dealings with the External Auditor.

4.2 Audit Committee pre-approval of services by the External Auditor

The Audit Committee is responsible for preparing policies and procedures related to the pre-approval of all audit, audit-related and non-audit services provided by the External Auditor to Wolters Kluwer. Pre-approval policies and procedures must be detailed as to the particular service and be designated to safeguard the continued independence of the External Auditor. The Audit Committee must be informed of each service provided pursuant to the pre-approval policies and procedures.

Engagements to render any audit, audit-related or non-audit service to Wolters Kluwer must be entered into pursuant to the pre-approval policies and procedures described in this policy.

Section 6 of this policy contains a description of classes of services that can be provided by the firm of which the External Auditor is part. Depending on the type of service, Audit Committee pre-approval may be required.

For practical reasons, the Audit Committee delegates its authority to the CFO of Wolters Kluwer N.V. or to the Global Head of Internal Audit to pre-approve services below a threshold (see table below). For engagements that exceed the thresholds mentioned below, the chairman of the Audit Committee must provide approval. The process may be summarized as follows:

Class of service	Pre-approval required	Pre-approval authority delegated to CFO or Global Head of Internal Audit
Audit service	No	Not applicable
Audit-related service	Yes	engagements < EUR 250,000
Non-audit service - Allowed	Yes	engagements < EUR 50,000
Non-audit service - Restricted	Yes	Not applicable
Non-audit service - Prohibited	Not applicable	Not applicable

Pre-approvals issued by the CFO of Wolters Kluwer N.V. or Global Head of Internal Audit on behalf of the Audit Committee must be reported to the Audit Committee in the next Audit Committee meeting.

For each Audit Committee meeting, the External Auditor will provide the Audit Committee with a schedule of pre-approved services and the Chairman of the Audit Committee will review and sign-off on a schedule of pre-approved services for the previous period.

5. The External Auditor

5.1 Responsibility of the External Auditor

The External Auditor will maintain a quality control system that provides reasonable assurance that its independence will not be impaired. The External Auditor will report annually to the Audit Committee on all aspects concerning independence, including possible conflicts with this policy, if any. The External Auditor will annually confirm its independence in writing. Furthermore, the External Auditor will annually report to the Audit Committee on the External Auditor's system of audit quality controls in general and on the audit quality control measures for the audit of Wolters Kluwer in particular.

The External Auditor will ensure that its firm will be registered at the Dutch Authority for the Financial Markets (AFM) in due time. Any changes in this registration will be reported immediately in writing to the Audit Committee.

5.2 Rotation of Ultimate Responsible Audit Partner and Key Assurance Partner

Wolters Kluwer requires the External Auditor to adhere to a rotation policy that is widely accepted and provides an appropriate balance between continuity (effectiveness and efficiency, audit quality and audit costs), risk management, independence and credibility. This implies a rotation of key audit partners in accordance with applicable domestic and international rules. More specifically, rotation of the lead partner (Ultimate Responsible Audit Partner) of the Wolters Kluwer N.V. audit is required after a maximum period of five years from their appointment date into this position. The lead partner may not rotate to a different position within the Wolters Kluwer audit team within a period of three years. Other Key Assurance partners, either at Wolters Kluwer group level or partners signing off audit opinions of significant Wolters Kluwer entities are required to rotate from their position after a maximum period of seven years. None of these Key Assurance Partners may rotate to a different position within the Wolters Kluwer audit team within a period of three years.

6. Services provided by External Auditor

For the purpose of this policy, a distinction is made between audit services, audit-related services, and non-audit services.

Contingent fees are fees calculated on a predetermined basis relating to the outcome or result of a transaction or the result of the work performed. A contingent fee charged by the External Auditor in respect of an engagement may create self-interest and advocacy threats. In some circumstances for non-audit services, contingent fees are allowed under local rules and regulations. Contingent fee arrangements are subject to approval by the CFO of Wolters Kluwer N.V. (or by the Global Head of Internal Audit) to a maximum of EUR 50,000; for higher amounts Audit Committee approval is required.

6.1 Audit services

Audit services are part of the annual engagement process. The External Auditor is appointed to perform audit services as listed below and does not need to go through a pre-approval process for each engagement.

Audit services are:

- Issuing the audit opinion for Wolters Kluwer NV's consolidated financial statements.
- Issuing the audit opinion on the statutory financial statements of Wolters Kluwer N.V.'s subsidiaries, where legally required.

According to article 16 sub 4 ViO, an audit service entails a service:

a) that is provided for the purpose of external users or the Supervisory Board;
b) of which the activities to be performed are aimed at verifying information of which the responsible party gives account;
c) where the nature of the activities corresponds with the activities included in the ISAs 100-3850; and
d) to which the Standards NV COS below or Standards NV COS that are alike in nature and size apply:
   1˚ Standards 100 – 999, Audits or Reviews of Historical Financial Information;
   2˚ Standards 2000 – 2699, Audits or Reviews of Historical Financial Information;
   3˚ Standards 3000 – 3850, Assurance Engagements other than Audits or Reviews of Historical Financial Information; or
   4˚ Standard 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information.

As part of the annual engagement process, the scoping of the (statutory) audits has been approved. Any additional requirements for statutory audits will be submitted to the CFO of Wolters Kluwer N.V. or the Global Head of Internal Audit and will be assessed and approved at that level and no pre-approval by the Audit Committee is required for these engagements.

6.2 Audit-related services

Audit-related services are assurance and related services that are reasonably related to the performance of audit and assurance services or other work traditionally provided to Wolters Kluwer by the External Auditor in its role as external auditor. These services typically result in a certification or specific opinion on an investigation.

Audit-related services include:

- Opinions / audit reports on other information provided by the company upon request from a third party (e.g. a prospectus, comfort letters, royalty audits, or a report on employee benefit plans);
- Opening balance sheet audits of acquisitions;
- Closing balance sheet audits of disposals;
- Advice on accounting policies;
- Sustainability reviews and audits;
- Special purpose IT audits or IT auditors' review of set up of IT systems;

- Internal audit services but subject to restrictions as mentioned in prohibited services below;
- Issuing review opinions on interim financial statements or reports of factual findings (COS 4400 or an equivalent) on interim financial statements.

All engagements for **audit-related services** to be provided by the External Auditor **require pre-approval by the Audit Committee (or delegated to CFO of Wolters Kluwer N.V. or Global Head of Internal Audit up to an amount of EUR 250,000).**

6.3 Non-audit services

Non-audit services are classified in the following categories:

- Non-audit services - Allowed
- Non-audit services - Restricted
- Non-audit services - Prohibited

Examples of non-audit services per category are listed below. These examples are non-exhaustive and serve as a general guidance for a further case-by-case assessment of proposed engagements for non-audit services.

For engagements involving Dutch entities of Wolters Kluwer or the Dutch member firm of the External Auditor, the existing total prohibition of non-audit services applies. This total prohibition implies that in relation to the EU PIE and its related entities (parent undertakings and controlled undertakings) only services that meet the definition of audit services according to the Regulation on Auditor Independence in Assurance Engagements (article 16 ViO) are permitted. This essentially means:

- Non-audit services may not be provided to Wolters Kluwer N.V. by any member firm of the External Auditor;
- Non-audit services may not be provided to any Dutch entity of Wolters Kluwer, by any member firm of the External Auditor;
- Non-audit services may not be provided to any entities of Wolters Kluwer, by the Dutch member firm of the External Auditor.

6.3.1 Non-audit services - Allowed

Except for the situation of the total prohibition described above, the External Auditor is permitted to perform certain non-audit services after approval. As a general rule, these

services are only permitted provided that the External Auditor is not actively engaged in making management decisions or that could result in a situation whereby the External Auditor will be required to audit their own work.
Permitted non-audit services (with the exception of the total prohibition as described above) include:

- Tax compliance work;
- Tax consulting services including tax planning but excluding:
    - Representation in (tax) courts;
    - Recommending aggressive tax position transactions;
    - Tax services to certain persons serving in financial oversight roles;
- Risk management and internal control projects.

All engagements for "**Non-audit services – Allowed"** to be provided by the External Auditor **require pre-approval by the Audit Committee (or delegated to the CFO of Wolters Kluwer N.V. or Global Head of Internal Audit up to an amount of EUR 50,000).**

6.3.2 Non-audit services – Restricted

Certain non-audit services are restricted but may be acceptable when certain conditions are met, in line with applicable local legislation, and should be assessed on a case-by-case basis. The exception of the total prohibition described above continues to apply. Non-audit services in this category are:

- Preparation of tax forms;
- Identification of public subsidies and tax incentives, unless support from the statutory auditor or audit firm in respect of such services is required by law;
- Support regarding tax inspections by tax authorities, unless support from the statutory auditor or audit firm in respect of such inspections is required by law;
- Calculation of direct and indirect tax and deferred tax;
- Provision of tax advice;
- Valuation services, including valuations performed in connection with actuarial services or litigation support services.

All engagements for **"Non-audit services – Restricted"** to be provided by the External Auditor **require pre-approval by the Audit Committee.**

6.3.3 Non-audit services - Prohibited

The External Auditor is prohibited from providing to Wolters Kluwer the following categories of non-audit services at any point during the audit and professional engagement period (this applies categorically to the Netherlands; for other EU and non-EU countries this should be assessed on a case-by-case basis):

- Provision of tax services relating to:
    - Payroll tax;
    - Customs duties.
- Services that involve playing any part in the management or decision-making of the audited entity;
- Bookkeeping and preparing accounting records and financial statements;
- Payroll services;
- Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or financial information technology systems;
- Legal services, with respect to:
    - Provision of general counsel;
    - Negotiating on behalf of the audit client;
    - Acting in an advocacy role in the resolution of litigation.
- Services related to the audit client's internal audit function;
- Services linked to the financing, capital structure, and allocation, and investment strategy of the audit client, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audit client;

- Promoting, dealing in, or underwriting shares in the audited entity;
- Human resources services with respect to:
    - Management in a position to exert significant influence over the preparation of the accounting records or financial statements, which are the subject of the statutory audit, where such services involve:
        - Searching for or seeking out candidates for such positions; or
        - Undertaking reference checks of candidates for such positions.
    - Structuring the organization design;
    - Cost control; and
- Any other service that the Executive Board of Wolters Kluwer N.V. determines is not permissible.

7. Miscellaneous

7.1 Hiring arrangements

Wolters Kluwer and the External Auditor agree on a restricted hiring policy:

- Wolters Kluwer will not hire, in a financial reporting oversight role, partners or key senior professional staff members of the External Auditor involved in the Wolters Kluwer audit within the last year, or the last three years for (key assurance) partners, unless they have provided less than 10 hours of actual service. A financial reporting oversight role is a role in which a person is in a position to or does exercise influence over the contents of the financial statements or anyone who prepares them.
- The External Auditor will not hire senior management from Wolters Kluwer for involvement in the Wolters Kluwer audit within two years after termination of their employment with Wolters Kluwer.

7.2 Disclosure of fees

Wolters Kluwer N.V. will disclose the audit and non-audit fees incurred for professional services provided by the External Audit firm for the last two fiscal years in the Annual Report. In this disclosure, the total fee of the External Auditor will be broken down into the following categories:

- Statutory Audit fees
- Other assurance services
- Tax advisory services
- All other non-audit fees

7.3 Other matters and exceptions

7.3.1 General

For all other commercial contacts, such as marketing business relationships (for example Alliance Relationships, Teaming Relationships, Prime/Subcontractor Relationships or Reseller Relationships) between Wolters Kluwer and the External Auditor, pre-approval of the CFO of Wolters Kluwer N.V. or the Global Head of Internal Audit is required. In sensitive situations, the CFO of Wolters Kluwer N.V. and Global Head of Internal Audit may consult the Audit Committee before approving these contacts.

7.3.2 Wolters Kluwer minority participations or joint ventures

For services by the External Auditor to entities in which Wolters Kluwer has significant influence, but no control, Wolters Kluwer management will request local management of these entities to pre-inform the CFO of Wolters Kluwer N.V. or the Global Head of Internal Audit before any engagement will be conducted.

7.3.2 Matters of doubt

In all matters of doubt, either the CFO of Wolters Kluwer N.V. or the Global Head of Internal Audit should be consulted.